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THE WEATHER — PARIS: Thursday, scattered rain. Temp. 50°. GARDEN: LONDON: Thursday, rain. Temp. 44° (28°). CHAMONIX: SHOPS: ROMA: Thursday, rain. Temp. 50° (28°). ST. FRANKFURT: Thursday, 60°. Temp. 60° (22°-41). NEW YORK: Thursday, rain. Temp. 44° (37°-46).

ADDITIONAL WEATHER DATA — PAGE 12

No. 30,780

Haig Vows Full U.S. Support of El Salvador

By Bernard Gwertzman

New York Times Service
WASHINGTON — Secretary of State Alexander M. Haig Jr. said Tuesday that in cooperation with its friends and allies in Latin America, the United States would do "whatever is necessary" to prevent the overthrow of the El Salvador government by guerrillas who he said were backed by Cuba and Nicaragua.

Under questioning by the Senate Foreign Relations Committee, Mr. Haig refused again to say whether the administration was contemplating the use of its own military force to aid the government of President José Napoleón Duarte.

Since the Reagan administration became concerned over the El Salvador issue a year ago, Mr. Haig has, in the absence of any firm decision, consistently left open the possibility of some form of U.S. military action in the region. Officials have said this was deliberate and intended to keep the Soviet Union, and Cuba and Nicaragua on their toes.

"I am not about to lay out a litany of actions that may or may not take place," he said in answer to Sen. Christopher J. Dodd, Democrat of Connecticut, a critic of administration policy. "We are considering a whole range of options — political, economic and security — in response to Cuban intervention in this hemisphere."

After a reporter asked him whether the introduction of U.S. combat troops was one of the possibilities, Mr. Haig, taking note of President Reagan's having earlier ruled out such a development, said, "I think the president has made it very clear that he has very strong reservations about such a step except in extreme, but as a general response to your question, we have not ruled out anything and we're not going to, a priori, in a very dynamic, ongoing situation."

The Salvador situation has again begun to attract attention, now that the administration has decided that the human rights situation there does not warrant suspending aid and, in fact, said that it intends to increase military and economic assistance to the Duarte government.

In a hearing by the House Foreign Affairs Subcommittee on Latin American Affairs Tuesday, Thomas O. Enders, the assistant secretary of state for Inter-American affairs, defended under hostile questioning the administration's decision to certify El Salvador as still eligible for aid despite what he called a "troubled" human rights situation there.

Summing up the administration's concerns about a Communist-backed takeover in El Salvador, Mr. Enders said, "There is no mistaking that the decisive battle for Central America is under way in El Salvador."

"If after Nicaragua, El Salvador is captured by a violent minority, who in Central America would not live in fear," Mr. Enders asked. "How long would it be before major strategic United States interests — the Panama Canal, sea lanes, oil supplies — were at risk?"

Hard Position

Under questioning from the chairman of the Foreign Relations Committee, Charles H. Percy Jr., Republican of Illinois, Mr. Haig defended the administration's decision to pay U.S. banks \$71.3 million that were owed by Poland for agricultural imports without declaring the Warsaw government in default.

Asserting that Mr. Reagan had personally approved the move, Mr. Haig said this was the "hard position, the more rigid position," rather than one that would "obviously" be taken.

(Continued on Page 2, Col. 1)



Guerrillas halted a bus for a search at the entrance to Usulután during the attack on the Salvadoran provincial city.

Salvador Rebels Attack Government Garrison

By Christopher Dickey

Washington Post Service

SAN SALVADOR — A large force of leftist guerrillas attacked the Salvadoran government's garrison at the major provincial capital of Usulután and sustained the assault for eight hours before pulling back, witnesses said.

The attack Tuesday was the guerrillas' first such daylight assault on a city the size of Usulután, which has about 25,000 inhabitants and is the country's fourth largest city.

The attack, as well as assaults on several smaller towns to the northeast, began Monday and apparently constituted the significant initial.

In Central America the recession rivals political violence as the biggest threat to stability. Page 5.

increase in activity promised recently by the insurgents. The attacks may also be intended to test the response capability of the Salvadoran Army since five of its vital 14 U.S.-supplied helicopters, as well as at least 10 other transport aircraft, were damaged in a guerrilla raid last week.

In Washington on Monday, the Reagan administration announced that it is sending \$35 million in emergency military aid to El Salvador.

Assistant Secretary of State Thomas O. Enders told congressional that to withhold aid now would mean "probable victory" to the guerrillas.

There was no immediate military comment on the Usulután fighting nor an estimate of casualties. Persons who traveled there, about 75 miles (120 kilometers) to the southeast of San Salvador, reported seeing one dead policeman and three wounded soldiers.

The number of guerrilla attackers was not known, although the intensity of the assault, made with automatic rifles and rocket-propelled grenades, indicated a force of substantial size.

Following the Jan. 27 raid on the helicopters, only three of the craft are believed to be operational. None was seen in the area of Usulután, the witnesses said. Late Tuesday afternoon, at least one UH-1H helicopter was observed landing in the capital at the field frequently used to receive wounded soldiers.

On Monday night, the guerrillas fighting to overthrow the U.S.-

backed military-civilian junta here announced over their clandestine radio that they would step up their military activity very soon both in the capital and elsewhere.

Leaders of the guerrilla coalition known as the Farabundo Martí National Liberation Front have said in recent months that they would not try to launch another offensive on the scale of the "final" one that failed a year ago when coordinated attacks were launched against garrisons in virtually all parts of the country.

At that time, before the United States began sending lethal military assistance to the government, not one garrison fell.

This time the guerrillas have said they will steadily increase their pressure on the army, especially with the approach of elections scheduled for March 28 for a constituent assembly.

Government countermeasures — the most recent one in December in Morazán province — have made little headway against the insurgents. When the Morazán offensive ended, the guerrillas immediately started knocking out military emplacements one by one in small villages to give themselves free access on the approaches to major towns.

On Monday, such attacks occurred at the Morazán village of Corinto and Nueva Trímidad in the department of Chalatenango. Corinto reportedly is still in guerrilla hands and several members of government uniformed and paramilitary forces are reported dead in both attacks.

In Usulután, the city center was shut down at midday and appeared almost deserted, said news photographers able to make their way close to the fighting.

150 Reported Killed

NUEVA TRINIDAD, El Salvador (Reuters) — Salvadoran Army sources said that 150 persons were killed when the leftist guerrillas attacked this town near the Honduran border.

It was the biggest guerrilla attack for several weeks and followed radio appeals by the guerrillas to workers and peasants to rise against the ruling junta.

After a daylong battle, about 200 government troops pushed the guerrillas out.

asked not be identified, said that Mr. Klimaszewski was no longer a director. He refused to elaborate. Sources said Mr. Klimaszewski



Salvadoran squad leader signaling his troops toward suspected guerrilla positions during the insurgents' attack on Usulután.

Reagan Is Reported to Increase Military Spending Plan

By Richard Halloran

New York Times Service

WASHINGTON — Secretary of Defense Caspar W. Weinberger told Congress yesterday that the Reagan administration plans to ask for a 1983 military budget of nearly \$260 billion in appropriations, about \$10 billion more than previously planned, according to administration and congressional officials.

The officials, who declined to be identified, said the increase in military appropriations to be requested

next week came from a more realistic assessment of inflation.

They also said that an expansion of what is known as multi-year procurement had added to the request for budget authority, or appropriations. Under such contracts, the government orders weapons in large batches and must have the authority to commit funds. The outlays would come in later years. Thus, the Pentagon's

Brezhnev Calls for Cuts In Medium-Range ArmsBy John F. Burns
New York Times Service

MOSCOW — President Leonid I. Brezhnev, calling for "denunciations" and not "linkages" in Soviet-American relations, proposed Wednesday that the two sides agree at negotiations in Geneva to a reduction by 1990 of at least two-thirds in their arsenals of medium-range nuclear weapons.

The proposal, the most radical of several Mr. Brezhnev has made of medium-range arms, was an elaboration of one he put forward in a November visit to West Germany.

His offer on that occasion to cut the Soviet arsenal by "hundreds of units" if the United States would do the same was rejected in Washington on the ground that equal cuts would leave the Soviet Union with a massive preponderance in the medium-range category.

Mr. Brezhnev couched his latest proposal with one of his harshest attacks on the Reagan administration. He said the United States was avoiding serious negotiations on medium-range weapons in Geneva and using "various farfetched pretexts" to put off the resumption of strategic arms talks.

Mr. Brezhnev speaking at a Kremlin reception for a group from the Socialist International, spoke of "the dangerous consequences the present policy of the NATO bloc, above all that of the U.S.A., its main force, may have for the cause of world peace."

He added: "Never before, since the end of World War II, has the situation been so serious."

The proposal for a two-thirds cut in medium-range weapons apparently had already been put before U.S. negotiators in Geneva, where Soviet-American talks on medium-range weapons opened two months ago.

In making it public, Mr. Brezhnev appeared to be making a fresh bid to sway public opinion in Western Europe, where there has been strong opposition to a plan by the Western alliance to deploy a new generation of U.S.-medium-range missiles beginning next year. The U.S. and its NATO allies have argued that the new missiles are needed to offset Soviet deployment of a new missile of its own.

In addition, Mr. Brezhnev appeared to be responding to the position taken by Secretary of State Alexander M. Haig Jr. when he met in Geneva last week with Foreign Minister Andrei A. Gromyko.

In line with the administration's belief in "linkage," a policy that keys progress in negotiations in one area to Soviet behavior in others, Mr. Haig retreated from an

earlier understanding and declined to use the Geneva meeting to set a date for the resumption of strategic arms talks.

The reason given for the U.S. decision was the situation in Poland, for which the administration has held the Kremlin responsible.

There was no mention of Poland in the summary of Mr. Brezhnev's remarks released by the official press agency Tass. But Mr. Brezhnev was quoted as calling the Reagan administration's approach to arms issues "an irresponsible, adventurous play with the destinies of mankind," and as hitting out in particular at linkage.

"Diplomacy requires 'denunciations' and not 'linkages,'" he said. "The tangled knot of conflict situations and disputed problems in the present world cannot be cut by any sword. The only way is the way of patient, constructive talks, talks ensuring a real reduction and destruction of arms."

He contrasted U.S. policy with the Soviet Union's, which he said placed peace ahead of all other objectives, and he called for closer consultation between the Kremlin and the Socialist International.

(Continued on Page 2, Col. 3)

Deployment of SS-20 Is Reportedly Halted

By John Vinocur

New York Times Service

BONN — A West German parliamentarian said Wednesday that a member of the Central Committee of the Socialist Democratic Party has told him that the Soviet Union has halted deployment of SS-20 missiles targeted on Western Europe.

Otmar Schreiner, a Social Democrat, said the assertion was made in Moscow last week by Vadim V. Zagladin, first deputy chief of the international department of the Central Committee. Mr. Schreiner was in the Soviet capital with a delegation from the Social Democratic youth organization, which stands far to the left of the policies of Chancellor Helmut Schmidt.

Speaking at a news conference and then privately with a reporter, Mr. Schreiner reported that Mr. Zagladin said deployment had stopped a couple of weeks ago.

No mention of such a step was contained Wednesday in a statement in Moscow by Leonid I. Brezhnev, the Soviet leader, who accused the United States of failing to negotiate seriously in talks in Geneva on reduction of intermediate-range missiles such as the SS-20.

Calls for Moratorium

The Soviet leader has frequently called for a moratorium on further missile deployment, a step that has been described as meaningless in the West, because it would only freeze a situation in which the Soviet Union is predominant.

U.S. Cruise and Pershing-2 missiles, meant to counteract the Soviet SS-20s, are scheduled for deployment at the end of 1983. The Soviet Union is believed to have deployed more than 200 SS-20s.

West Germany is a prime target of Soviet attempts to block the deployment, and major segments of the Social Democratic Party have recommended that NATO accept the Soviet moratorium proposals. For some parts of West Germany public opinion, a halt in Soviet deployment of SS-20s would be interpreted as a signal of its "good will," which was the analysis made by Mr. Schreiner.

When he asked Mr. Zagladin how long the deployment halt would continue, Mr. Schreiner said, the official replied: "We can't say how long. For an unspecified time."

"He was very vague," the parliamentarian recalled. "He said it will be dependent on NATO's steps."

Answering a reporter's question, Mr. Schreiner said he had not considered asking Mr. Zagladin if the deployment program for the SS-20s had reached an end or whether the purely technical fact of having no more missiles to bring into service was perhaps being offered as a political gesture.

Mr. Schreiner was accompanied to Moscow by Wlodek Pieczyk, chairman of the young Socialist group, which organized a demonstration against U.S. Secretary of State Alexander M. Haig Jr. during a visit to West Berlin in September. The parliamentarian said Mr. Zagladin and Valentin M. Falin, first deputy chief of the Central Committee's international information department, told them the United States had shown no serious desire to achieve results in the Geneva talks.

President Reagan. The president plans to send the entire federal budget to Congress next Monday.

Tough opposition is expected when the military budget proposal is debated in Congress. The \$260-billion figure represents a jump from the \$200 billion appropriated for the current fiscal year and comes when the Reagan administration

(Continued on Page 2, Col. 5)



West German Chancellor Helmut Schmidt, right, with Foreign Minister Hans-Dietrich Genscher, discussed a government plan to combat unemployment at a news conference Wednesday.

INSIDE**Saturn's Moons**

In Pasadena, scientists at the announced the discovery of at least four — and perhaps six — new moons around the planet Saturn. Page 3.

Policy Leaks

The Reagan administration has retreated from its short-lived effort to police contacts between officials and reporters but has instituted a system designed to make it easier to identify officials who leak information to reporters. Page 3.

Opium Village

In northern Thailand, the remote village headquarters of alleged opium warlord Chang Chee-fu had every comfort that the impoverished hamlets nearby did not — including 15 tons of ammunition. Then almost 1,000 Thai border patrol police attacked. Page 2.

U.S., Weighing Risks to Alliance, Said to Pull Punch on Poland Debt

By Leslie H. Gelb
New York Times Service

WASHINGTON — The Reagan administration at times seems to be at war with its own self-image of toughness in foreign affairs. One result is that officials sometimes have to defend decisions that do not measure up to their strong statements.

The most recent case is the administration's decision to pay U.S. banks \$71 million they are owed by Poland and sidestep declaring Poland in default.

As a symbol of toughness, officials say, there was nothing more they would like to have done than to have declared Poland in default. But from a practical standpoint, they say, there were too many risks and uncertainties for the Western alliance and economic system.

The administration has decided that a formal declaration of default would be self-defeating. Administration officials say that their rationale was that the Western banking system might be hurt as much or even more than Poland by taking such an action. Poland might be driven further into Soviet hands. Western Europe would be up in arms. Better for now for the U.S. taxpayer to pick up the tab than engage in gestures. Better for now to risk the wrath of some conservatives in America.

Closing Ranks

Now that the decision has been disclosed publicly, administration officials have closed ranks and they describe it as tough and realistic. But they are also saying that the story is far from over.

Secretary of State Alexander M. Haig Jr. told a Senate committee Tuesday that President Reagan's decision was the "hard position, the more rigid position."

"The facts are that the action he took will require the Soviet Union to make the money good," Mr. Haig said. "Had we called default,

they would have been relieved of that burden."

Before the issue came to the point of decision, default had been seen as a touchstone of toughness, and key administration officials, above all, had not wanted to appear weak to Moscow and conservatives at home. As a high adminis-

tration official put it, "We keep giving signals about being willing to go to the brink and then backing away."

But last week, when they were faced with a specific problem, representatives of every department involved except the Pentagon were most impressed with practicalities and not symbolic gestures. And they said they quickly decided that the practical steps were the tough ones as well.

Unable to Pay

Mr. Reagan's advisers all agreed that Poland could not pay its debts. If default were declared, officials said, Poland would not have to pay. If the debts were assumed by the United States, specifically the Agriculture Department, there might be some chance of getting some money from Poland in the future, although no one was very hopeful about this.

The participants all were said to have quickly agreed that the key question was how a default declaration would affect the international monetary system. They said they consulted West European leaders and bankers in the United States and Europe. All were said to have strongly opposed the default declaration. They were said to fear that it would trigger other default declarations against Poland, particularly in West Germany, which has a much larger stake than U.S. banks. If this happened, no one was sure where it might end.

The participants said they were not necessarily convinced that all this would transpire, but they recognized that the situation was tricky and full of imponderables, and they were under a great deal of pressure from the banking community and the allies to refrain from declaring a default.

The officials were also said to have recognized that if they were to recommend sidestepping the default procedure they would have to act quickly before counterpressure for a default might build in the United States.

Rallies for Poland

Rallies were being held around the country that week to show support for Solidarity, the Polish labor movement, and many prominent speakers were advocating declaring default. Thus, the Reagan advisers decided that the Agriculture Department would adopt an emergency regulation that would allow for paying the banks without declaring default. As permitted, this was done without public notification.

To the extent they had any hold over Poland, the advisers were said to have agreed that it stemmed from the general credit squeeze that they had already set in motion. The United States and its NATO allies have already called off negotiations with Poland on rescheduling its 1982 debt.

This they agreed, was already drying up the flow of credit and in a way was allowing the banking system to adjust slowly. And to the extent that the United States had any real economic leverage over Poland, they said they thought that this was the way to manage it.

Also, the officials taking part in the deliberations were said to have agreed that the crisis was a continuing one. More would have to be done later, it was argued, and the president needed something such as holding default in reserve for the next time.

Such a solution must be "based on mutual recognition and acceptance," he said.

At a White House arrival ceremony, held indoors on a rainy day, Mr. Mubarak told the U.S. president, "The Palestinians need your help and your understanding." He added that they "have an inherent right to exist and function as a na-



President and Mrs. Reagan greeted President Hosni Mubarak and his wife Wednesday at the White House. It was Mr. Mubarak's first visit to Washington since Sadat's assassination last fall.

Solution for Palestinians Is the Key To Peace, Mubarak Tells Reagan

International Herald Tribune
WASHINGTON — President Reagan and Egyptian President Hosni Mubarak met for 90 minutes Wednesday morning after mutual pledges to intensify efforts to win a lasting Middle East peace.

While both leaders reaffirmed the good relations between the two countries, Mr. Mubarak came right to the point he wished to make, declaring that the "key to peace" is to settle the problem of self-determination for the 1.3 million Palestinians living in the Israeli-occupied West Bank and Gaza Strip.

Such a solution must be "based on mutual recognition and acceptance," he said.

In their remarks preceding a half-hour private meeting, which was followed by an hour-long conference including their advisers, the two leaders agreed that the good relations between the United States and Egypt are "more than a compact between individuals; it's a commitment between nations."

tional entity free from domination and fear."

"The exercise of the right to self-determination cannot be denied to [them]. In fact, it is the best guarantee for Israel's security. This is a lesson of history and the course of the future," he said.

The Israeli government has opposed any result of the autonomy talks that could bring about a Palestinian state, which it calls a threat to Israel's security. Egypt, however, holds that such an outcome should not be ruled out in advance. U.S. officials do not expect any breakthrough on autonomy soon.

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France, Algeria Sign Gas Accord

From Agency Dispatches
PARIS — France and Algeria signed a major natural-gas deal under which Algeria will provide 25 percent of French gas supplies and 5 percent of total French energy needs by 1990. Claude Cheysson, minister for external affairs, said Wednesday.

Mr. Cheysson told reporters the two countries agreed on a price for eventual delivery of 9.1 billion cubic meters (32 billion cubic feet) a year of Algerian natural gas, up from the 4 billion cubic meters France currently buys each year from Algeria. The agreement seals two years of hard bargaining that strained relations between France and its former North African territory.

Last month, the French signed with Moscow for a slightly smaller volume, 8 billion cubic meters a year for 25 years, to be delivered starting in 1984 if the new pipeline from Siberia is completed by then. This would double the current rate of French imports of Soviet natural gas.

The French did not reveal how much they would pay either the Soviet Union or Algeria for the gas. West Germany has agreed to pay \$2.20 per million British thermal units for Soviet gas.

The Middle East Economic Survey, a Cyprus-based oil newsletter, said Monday it was believed that Gaz de France would pay Algeria a base price of around \$4.65 per million Btu, against an Algerian demand last year for \$6.11. But the newsletter said France would pay a total price of about \$3.20, the balance to be made up in grants to the French government to help the budget to change.

Last week, the Soviet party newspaper Pravda attacked the Italian party after the Italians condemned the introduction of Marxist voting strength had been dropping since the mid-1950s.

Mr. Marchais said the results of the elections, which brought the Socialists to power under President François Mitterrand, came as no surprise because overall Communist voting strength had been dropping since the mid-1950s.

One of the reasons for the decline, he told delegates, was the party's failure until 1976 to produce a concrete program showing its dedication to specific French traditions of freedom and human rights.

The thrust of Mr. Marchais' message, Communist sources said, was that the party had lost much support because it had not been able earlier to convincingly refute opponents who argued it sought to install a Soviet system in France.

In his speech Wednesday, the

finance development projects in

Algeria had led a worldwide bid by gas exporters to force up prices to parity, in terms of heat delivered, with crude oil. The El Paso company in the United States expects to buy Algerian liquefied natural gas rather than pay the higher price.

Mr. Cheysson said the contract between the state-owned Gaz de France and the Algerian government's Sonatrach company would unfreeze stalled French industrial contracts with Algeria worth 12.5 billion francs (\$2.7 billion), includ-

ing the construction of automobile assembly plants and other projects.

The minister said the pricing agreement represented part of the French Socialist government's new foreign policy to promote exchanges with developing countries.

London analysts noted that the Soviet Union had only been able to clinch gas prices at levels slightly under \$3 per million Btu after aiming higher. Its negotiating experience, and that of Algeria, reflected estimates that there will be abundant supplies of gas in Western Europe at least until the 1990s.

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In his speech Wednesday, the

French Communist leader Georges Marchais, left, opened the 24th congress of the party in a Paris suburb on Wednesday. Seated next to him is Charles Fiterman, the transport minister.

Marchais Says French Communism Now Rejects Models From Abroad

By Robert Evans
Reuters

PARIS — French Communist leader Georges Marchais, accused by critics of swinging back into the Soviet orbit, Wednesday affirmed his party's complete independence from Moscow despite support for martial law in Poland.

In a speech opening the party's 24th congress in the Paris suburb of St. Ouen, Mr. Marchais also identified it with the Eurocommunism espoused by the Italian and Spanish parties and often condemned by the Kremlin.

He also called for a broad program of nationalization in key sectors of the economy without specifying which industries he wanted under government control. He said that in order to achieve growth and a higher standard of living, "the major means of production and exchange must become the property of society."

But he added that the Communists were not seeking state control of the entire economy.

The 61-year-old general secretary, who Communists sources said was certain to be re-elected on

Sunday despite growing criticism of his leadership, insisted that the party aimed to build "Socialism in the colors of France."

Russia Rarely Mentioned

Although he rarely mentioned the Soviet Union directly during his six-hour speech, political analysts said his formulation of the party's vision of the future was clearly intended to suggest rejection of Moscow-style Communism.

The congress, with about 2,000 delegates and dozens of foreign guests, including Soviet Politburo member Konstantin Chernenko, is the first major gathering of the party since serious electoral setbacks last spring.

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Dutch Refusing To Assist Turkey

The Associated Press

THE HAGUE — The Netherlands is refusing to grant economic and military aid to Turkey because of the overthrow of democratic rule in the country in September, 1980, the Dutch Foreign Ministry said Wednesday.

Foreign Minister Max van der Stoel, calling itself the consultative council on disarmament, was established by the Socialist International in 1970 to maintain contact with world leaders on weapons issues. It was headed at the Kremlin session by Karel Sorsa, a former premier of Finland, and its assistant secretary of state for European affairs, Alain Holmes, and its assistant secretary of state for economic affairs, Robert Horst.

Sen. Jesse Helms, Republican of North Carolina and chairman of the Agriculture Committee, agreed with Mr. Haig's statement that a grain embargo, under the new farm law, would obligate the administration to pay farmers more than \$30 billion this year in subsidies. The law allows a grain embargo without subsidies only as part of a total cutoff in trade.

Moscow Calls For Arms Cuts

(Continued from Page 1)

group that draws its membership from Social Democratic parties in more than 40 nations, including the parties that head the governments in West Germany and several other Western European countries.

"There are no small reserves for the expansion of cooperation in the struggle for the preservation and consolidation of defense," Mr. Brezhnev said. "The main global problem of the day, that of preventing the world from sliding down to a thermonuclear catastrophe, demands — despite all differences and disagreements — that a common language and what is most important, common decisions should be found."

The group that met with Mr. Brezhnev, calling itself the consultative council on disarmament, was established by the Socialist International in 1970 to maintain contact with world leaders on weapons issues. It was headed at the Kremlin session by Karel Sorsa, a former premier of Finland, and its assistant secretary of state for European affairs, Alain Holmes, and its assistant secretary of state for economic affairs, Robert Horst.

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NATO sources said these measures were likely to be announced in the next few days in national capitals, although it was being left to individual governments to decide what form they should take.

Virtually all NATO governments, with the exception of Greece, which has abstained from NATO condemnation of the Soviet Union, have already taken action of varying sorts. This has included suspension of bilateral talks, visits and technical and scientific agreements and the curtailment of credit facilities.

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Reagan Plan For Defense

(Continued from Page 1)

military authorization bill on what one called "a fast track." Sen. Tower, a Republican from Texas, was said to be aware that opposition to military spending is building in the Senate and thus to want the bill considered as soon as possible.

The nearly \$260 billion in military appropriations being planned represented something of a Pentagon victory over the Office of Management and Budget, officials suggested. Budget planners in the Pentagon have long argued that higher and more realistic projections of inflation should be factored into the military budget to avoid requesting additional funds or cutting programs when inflation outruns predictions.

Reagan Softens Curbs on Press Access to Aides, But Takes Steps to Identify Leakers of Secrets

By Lee Lescaze
Washington Post Service

WASHINGTON — The Reagan administration has retreated from its effort to police contacts between officials and reporters, but has instituted a new system designed to make it easier to identify

ASEAN to Study Joint Parliament

The Associated Press

KUALA LUMPUR — Parliamentarians from the five member states of the Association of Southeast Asian Nations countries are considering the establishment of an ASEAN parliament.

At a meeting of the interparliamentary organization here Wednesday, parliamentarians from Thailand, Indonesia, the Philippines, Singapore and Malaysia appointed a special five-member study group to look into details of the plan.

Syed Nasir Ismail, president of the group and speaker of the Malaysian parliament, said the group was to meet in March and report its findings at another meeting in Manila in June.

Conservatives Complain Heatedly to Reagan

By Howell Raines
New York Times Service

WASHINGTON — For the 13 months since President Reagan took office, tensions have been building between his administration and the conservative activists who, as they see it, were with him in the wilderness.

On Monday the frustrations and feelings of betrayal of conservatives boiled over into heated exchanges at an unannounced White House meeting between Mr. Reagan and six representatives of right-leaning groups.

Several times the president brushed aside reminders by his four top aides that he had other appointments. For an hour and 20 minutes, he listened as some hardliners spoke of their dismay that, among other things, top White House and State Department jobs had gone to moderates instead of to true "Reaganites."

The feuding was sharpest, according to the accounts of witnesses, when Edwin Meese 3d, counselor to the president, challenged the group to "name one Reaganite who doesn't have a job."

"Are you kidding?" replied John Lofton, editor of Conservative Digest. He contended that at that very moment the White House was

officials who leak national security information to the news media.

A directive signed by President Reagan orders that all officials who read classified documents prepared by or intended primarily for the National Security Council must sign an attached cover sheet. If such information were to leak, investigators presumably would target their search for the leaker on people whose signatures appeared on the sheet.

By signing the cover sheet, an official acknowledges that he understands the laws governing classified information and promises to cooperate with any "lawful investigation by the United States government" of any unauthorized disclosure.

David R. Gergen, the White House communications director, said the procedure is designed to restrict access to national security information to a minimum of people.

The directive, announced on Tuesday, is the result of a review by William P. Clark, the White House national security affairs adviser. It began early last month, after Mr. Reagan complained at a Cabinet meeting about leaks of memorandums and policy decisions.

Mr. Clark decided overnight to drop those requirements. One official said Mr. Reagan had indicated that he did not want to get into "an us guys versus you guys" situation."

Mr. Gergen said the entire review of the situation and the differing directives have "sent a message through the ranks that the president regards disclosure of Na-

tional Security Council information as a serious matter."

Although the directive applies only to NSC material, the administration expects the CIA and other agencies and departments to draft new procedures for handling sensitive information.

The administration's concern about security centered on two leaks. The first led to reports that crates containing Soviet aircraft had been spotted in Cuba. This could be a violation of a 1962 U.S.-Soviet agreement that prohibits the introduction of offensive weaponry into Cuba. The second led to publication of details of Mr. Reagan's decision on what type of fighter planes to sell Taiwan.

Attorney General William French Smith has been asked to form an interagency group by March 1 to look into the effectiveness of the laws prohibiting unauthorized disclosure of classified information. Mr. Gergen said the group also will study the penalties for such disclosure, but that no new penalties are envisioned.

The cover sheet will be attached to a document at the time it is submitted to an assistant secretary or an official of equivalent rank. After it is attached, it must be signed by all officials no matter what their rank, Mr. Gergen said.

Policy on the basing of the MX intercontinental missile.

Mr. Lofton countered that Mr. Meese and two other White House aides at the meeting, James A. Baker 3d, chief of staff, and Michael K. Deaver, deputy chief of staff, had disagreed with Mr. Reagan's decision not to impose new taxes this year.

Loyalty Test

"If loyalty to the president was the test of your jobs," Mr. Lofton was quoted as saying, "none of you would be here."

William P. Clark, the national security adviser, listened silently, "watching us punch out on Meese," according to one participant.

Descriptions of the president's response varied. "I think he enjoyed it," said Mr. Meese. But to the conservatives, Mr. Reagan seemed defensive as he went through what sounded like a carefully prepared defense of his administration's record of appointments.

"There were a number of things they didn't understand about the background of appointments. We were able to fill them in on that," said Mr. Meese.

But some of the visitors would not sit still for Mr. Meese's excuse that Mr. Van Cleve had not been offered the chairmanship of the General Advisory Committee of the Arms Control agency because he disagreed with the president's

policy on the basing of the MX intercontinental missile.

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Others present were Ed Fuehrer, chairman of the Heritage Foundation; M. Stanton Evans, a columnist; Alan Rykoff, an editor of *Human Events*; and John O'Sullivan, editor of *Policy Review*, a Heritage publication.

"There were a number of things they didn't understand about the background of appointments. We were able to fill them in on that," said Mr. Meese.

The visitors complained about Secretary of State Alexander Mr. Haig Jr., and what they described as a failure to clean out the pro-dictator "Kissinger" faction at the State Department. The reference was to former secretary of state Henry A. Kissinger.

Oil Price Increases

SHUTTLE MOVED — The space shuttle Columbia is transferred to the Vehicle Assembly Building at the Kennedy Space Center Wednesday before next liftoff March 22.

Trudeau Blames Slump On U.S. Interest Rates

By Stanley McIsaac
Los Angeles Times Service

TORONTO — Prime Minister Pierre Elliott Trudeau, defending his economic policies during a severe recession, placed much of the blame for Canada's troubles on the high interest rate policies of the United States.

But, in an unrelenting attack on national policies, the premiers of all the 10 provinces — Conservatives as well as New Democrats — called on Mr. Trudeau to stop following the policies of the U.S. government and start reducing interest rates in Canada no matter what happens in the United States.

Premier Allan Blakeney of Saskatchewan described Canada's high interest rates as "perverse, unfair to the point of being immoral."

Mr. Trudeau and the premiers made their statements in the opening session Tuesday of a conference in Ottawa on the national economy. After the session, which was televised nationally, the prime minister and the premiers began a series of private meetings that are expected to continue this week.

Oil Price Increases

In his explanation of the problem, Mr. Trudeau said that the United States, after the shock of new worldwide oil price increases two years ago, "embarked on a deliberate policy of tight money, forcing interest rates to levels which previously had been unknown in history except perhaps among a class of lenders on the fringes of society."

"Within the United States," he said, "the economy has slowed to a crawl, and with that decline has gone a good part of a major market for what we in Canada produce. The effect in all this has been substantial in every country, but we next door have felt it more than most...."

"To ensure continuing investment in Canada, to give reasonable protection to our dollar," he said, "...the government in Canada has had little choice but to let our interest rates keep pace with, indeed sometimes exceed, those set in the United States."

On top of this, he said, Canada had home-grown problems of its own and "the policy of restraint is based on our firm belief that printing more and more money ... would unnecessarily risk our chances of reducing inflation and lowering interest rates in the long run."

No Defenders

But this economic philosophy fell under attack quickly because of the unemployment, bankruptcies and mortgage foreclosures caused by the high interest rates. Mr. Trudeau had no defenders.

Noting that Canada had experimented with a high interest rate, tight money policy for six years, Premier Blakeney, a member of the leftist New Democratic Party, said: "Let's admit it. That experiment failed. Failed, because from the start it was never an economic policy designed for Canada. It was an imported policy directed from the textbooks of [American economist] Milton Friedman."

Study Says Tests In U.S. Are Not Unfair to Blacks

New York Times Service

WASHINGTON — Standardized tests given to applicants for schools and jobs are generally valid and not to themselves unfair to blacks and other minority groups, a panel formed by the National Academy of Sciences has concluded.

The panel, which released the report Tuesday after four years of study, warned, however, that the tests had "inherent limitations" and that they could hurt certain groups if relied on too heavily.

The Educational Testing Service, which makes the Scholastic Aptitude Test and other tests, called the report very positive. But Allan Nairn, a consumer advocate who two years ago prepared a report for the Ralph Nader organization denouncing the testing industry, said the academy report "told the industry line in most cases."

The new report, prepared by a 19-member committee headed by Wendell R. Garner, a Yale University psychologist, suggested that low test scores for many minority youths reflected deprived backgrounds. It recommended that employers and schools give weight to such factors as motivation as well as test scores.

Smokers Fume In Portugal as Strike Drags On

Associated Press

LISBON — Portugal's smokers are almost at their last gasp because of a strike by workers in the state-run cigarette industry.

The two-week strike has left retailers' shelves almost bare and caused smokers to abandon their normal habits and seek comfort in hand-rolled tobacco and foreign cigars — if they can afford it.

But even these commodities are becoming scarce as the unions, which had previously worked at 20-percent production, called an all-out strike from Monday this week over pay claims.

The Portuguese population of just under 10 million smokes more than 40 million cigarettes a day.

Italian Journalists Strike

Associated Press

ROME — Italian print journalists staged a 24-hour strike Wednesday to support demands for new work contracts, and on Thursday radio and television journalists are to stage a similar strike.

The fifth and sixth new moons,

S. Africa Study Urges Updating Security Laws

Reuters

CAPE TOWN — A government-appointed commission on South Africa's security laws Wednesday recommended greater accountability for security actions and a tighter definition of offenses.

New Ministry Proposed

This could be partly corrected by doing away with the present Police Ministry and establishing a new ministry of law and order with two separate components, the police and a directorate of internal security, reporting directly to the minister, the report said.

But it added that the review of preventive security measures should be separate and remain in the hands of the Ministry of Justice.

The report also recommended that, as circumstances could change, any case under security laws should be periodically reviewed, at intervals of six months in the case of persons detained without charge and 12 months in other cases.

Paris-Rome Talks Set on Wine Issue

Associated Press

ROME — A growing dispute over wine — sparked when French customs officials began blocking Italian imports last month — is to be the subject of talks Thursday between Italian and French agricultural officials.

Italy's Foreign Trade Ministry has estimated that 45 billion lire (\$35 million) in Italian wine has so far been hit by the French action, which began after protests by French winegrowers who said their market is being flooded by cheap Italian wine. Italian unions have called for swift retaliation.

The French press has aroused criticism at European Economic Community headquarters in Brussels, particularly since Italy last year had a 2,000-billion lire (\$1.6 billion) deficit in its trade — mainly agricultural — with France.

Casey Said to Deny CIA Had Role In Activity of Ex-Agents in Libya

By Jeff Gerth
New York Times Service

sures about the case, had reached these tentative conclusions:

• There had been no official contact by the agency with Mr. Wilson and some senior agency employees who maintained contact and had business relationships with Mr. Wilson in 1977 and 1978, but Mr. Casey was apparently unable to shed any new light on this matter.

• There was no official CIA involvement in the Libyan terrorist training.

• There was no official CIA involvement in the recruiting of Special Forces to help train Libyans.

While Mr. Casey's testimony in some respects echoed earlier CIA denials of official complicity, it also reflected a new willingness to address questions surrounding the agency's ability to police its employees and their outside activities.

Mr. Casey told the committee that the CIA was revising its internal code of conduct as a result of the "Wilson-Terpil affair," he seemed to favor legislative remedies as a solution rather than, for example, changing the CIA's employment contract, sources said.

Committee members, most of whom attended the three-hour hearing, addressed a wide range of questions to Mr. Casey covering most aspects of the Wilson-Terpil affair.

At Least 4 New Saturn Moons Found As Voyager Photos Are Re-examined

By George Alexander
Los Angeles Times Service

PASADENA, Calif. — Scientists at the Jet Propulsion Laboratory announced this week the discovery of at least four, and perhaps as many as six, new moons around the planet Saturn.

The findings, announced Tuesday, brought the number of known moons around Saturn to 21 or 23, more than twice as many as were known before U.S. space probes started flying past the ringed planet several years ago.

Tentative Conclusions

In his testimony before the committee, Mr. Casey said the CIA, after a lengthy internal investigation launched in July after press disclosure

The new moons were found when Jet Propulsion Laboratory scientists Stephen P. Synnott and Richard Terrile re-examined images of the Saturnian environment sent by the Voyager-2 spacecraft last September. But even when enhanced by computers, the new moons are so small — between 6 and 12 miles (9½ to 19 kilometers) in diameter — that they appear on the pictures either as pinpoints or faint streaks of light.

The additional moons should "help us piece together the history of [Saturn's] light rings," said Mr. Terrile, who added that they lend support to the "collisional theory" he and another scientist had been advancing to explain the origin of the rings.

Mr. Terrile and Mr. Shoemaker last year suggested that the spiral rings encircling Saturn may be the ruins of partly rocky, partly icy bodies that were shattered by collisions with comets or asteroids. "We're seeing a greater range of fragment sizes [in and around the rings]," Mr. Terrile said, "which is what you would expect to see if these were once larger objects that have been broken up."

The four confirmed new moons, according to Mr. Synnott, are:

• One in or near the orbit of Mimas, the innermost Saturnian major moon, at approximately 116,000 miles (186,000 kilometers) out from the planet.

• One fragment in the orbit of Tethys, another major moon, at a distance of 183,000 miles. Tethys is already known to have two tiny companions, so this newly found object could become the third moon.

• One between the orbital paths of Tethys and Dione, at a distance of about 217,000 miles.

• One traveling ahead of Dione, in its orbit some 233,000 miles out from Saturn, at a "libration point" where the satellite is effectively locked between two opposing gravitational fields.

Gen. Akuffo and seven others were executed after secret trials at which they were found guilty of corruption, abuse of office and other crimes.

Mr. Limann was sworn into office Sept. 24, 1979, when Mr. Rawlings returned the country to civilian rule after his first coup on June 4, 1979, that overthrew the civilian government of Lt. Gen. Frederick W.K. Akuffo. Mr. Limann was arrested Jan. 4 and is awaiting trial charged with corruption and violating human rights.

In a BBC television interview shown here Tuesday night, the former air force lieutenant said that unlike eight government leaders and senior military officers executed by firing squads after a previous coup led by Mr. Rawlings in 1979, Mr. Limann probably would not be executed.

Asked if the former president could be shot, Mr. Rawlings replied: "I don't think so. But here again, the final decision will come from the people. But I don't think any such thing could happen to him."

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Japan's Domestic Market

Japan's minister of international trade, Shintaro Abe, listened with apparent sympathy in Florida last month to the complaints of his American and European counterparts. Yes, he agreed, Japan's enormous trade surplus with the West during this recession is a serious strain on the alliance. And yes, Japan could do more to welcome imports.

Many legal changes have now been made. For example, importers will no longer have to switch the cords on electrical appliances to meet Japanese safety codes. It would be foolish to pretend, however, that Japan's large trade surplus will thus be significantly cut. To reduce the risk of protectionist retaliation, Japan has to be persuaded to expand less of its phenomenal energy on satisfying foreign consumers and more on improving living standards for its own people.

Japanese officials have been conciliatory in public, but in private they are bitter. Their export success, they argue, testifies to their skill in identifying consumer desires, maintaining high savings and labor productivity and adjusting to energy shocks. If the West had done half as well, there would be no recession and no yearning to restrict competition in autos, steel and consumer electronics.

They are right. But finger-pointing won't alter political and economic realities. Europe and America need breathing room to restructure their economic systems. That should not

mean "voluntary" export restraints like the auto agreement extorted from the Japanese by the Reagan administration last year. It should mean a continuing effort to open the Japanese market to foreign products. And that, above all, requires important changes in the way the Japanese economy operates, keying growth to domestic rather than foreign consumer demand.

Last year Japan's economy grew by 4 percent, but two-thirds of the added output was sold abroad. That has been the Japanese way: Spend little, save much. But the tradition has left Japan with a surprisingly low living standard, notably in housing. If the Japanese were to cut taxes or raise social spending, they could begin to enjoy the fruits of their success, and the stimulus to their domestic economy would ease the adjustment pains for their foreign competitors.

There are good political reasons why Japan resists such changes. Its import barriers assure the survival of weaker industries. Exports are favored because it is dependent on imported energy and basic foodstuffs. Social spending has been curtailed because the electorate has a mortal, if irrational, fear of government budget deficits. But all countries have reasons to resist change. Unless Japan becomes as flexible politically as it is economically, the whole world will be poorer.

THE NEW YORK TIMES

Where Is the Economy?

"Watch out for the pea and the shells," said a voice inside the Reagan administration. Just so. The shells in the State of the Union Message — a complicated and wrongheaded swap of state and federal social programs — were meant to distract. The hidden pea was the true state of the economy.

Mr. Reagan had no new ideas for dealing with its immediate problems. His confidence notwithstanding, they are no nearer solution than on the day he was sworn in.

In his first year, President Reagan offered sweeping measures: a curb on non-defense spending; tax reductions for corporations and affluent individuals; a tight hold on the money supply. All this, he predicted, would stimulate productivity and buoyant growth with stable prices. He wanted nothing to detract from the drive for economic recovery, without which there would be no sensible social reform or convincing military strength.

The president got most of what he asked for, and in some cases more. The results, however, have been far from reassuring. Partly due to good luck on energy and food supplies, inflation has been cooled. But monetary restraint has devastated the housing, auto, farm machinery and lumber industries. Overall, the economy is in deep recession, with unemployment pushing 9 percent and no relief in sight. Most ominous, neither lenders nor corporate borrowers see a brighter future. The giant deficits forecast for the recovery years of 1983 and 1984 — a result of those big tax cuts — have scared the markets into coma. Despite the recession, interest rates on long-term corporate bonds, which register expectations about inflation, hover above 15 percent.

Reaganomics looks more and more like a bet on the familiar Republican remedy of a

sound buck and trickle-down prosperity. Yet Mr. Reagan pursues it with an inexplicable indifference to deficits.

There are alternatives, much safer bets:

A tax correction: Balancing the budget in the middle of the recession would be self-defeating. But there are strong reasons — now — to raise the taxes to be collected in the recovery years of 1983 and 1984. That would reduce the risk of resurgent inflation. Just as important, it might make Wall Street courageous and let corporations begin to raise capital, and productivity, at affordable costs. Democrats argue for a stretch-out of the scheduled tax cuts. Many Republicans lean toward modest increases in excise taxes. Better than either of these would be a tax on imported oil and domestic natural gas, to reduce future energy shocks.

A defense stretch-out: The budget ax has not yet touched inviting civilian targets — water projects, veterans' pension excesses, Social Security benefits for the affluent. But the resistance is fierce. The surest way to bold down spending in 1983 would be to stretch out the military buildup, or drop questionable projects like the B-1 bomber altogether.

A wage policy: The recession is wringing out inflation by driving down production costs, two-thirds of which tend to be wages. But the collapse of the industrial Midwest proves what an incredibly wasteful wage-reduction program that is. The same results might be achieved less painfully by government tax breaks for workers who settle for less, and penalties for companies that accept inflationary contracts. Unions have never been interested. But they have not been in such a pickle since the Depression. They just may be ready for something new.

THE NEW YORK TIMES

Funding American Science

As the annual struggle over the federal budget gets under way, it is worth pondering what will happen to money for science. U.S. science and technology are still the best in the world, but there are enough signs of strain to suggest that this pre-eminence, on which U.S. security and economic power depends, is fragile, even endangered.

The trouble starts with education. For more than a decade, secondary school curriculum requirements and achievement have fallen sharply in science and mathematics, while an opposite trend has been present in most other developed countries.

Federal support for graduate education is in doubt for the first time in 30 years. Engineers are in short supply in many fields, but engineering schools cannot take in more students because they cannot find trained faculty to teach them. Shortage of faculty means heavier teaching loads and less research.

Schools do not have enough money to pay more professors even if these could be found, nor can they replace obsolete laboratories. Troubles that now afflict engineering are beginning to be seen in the sciences as well.

Money for basic research in America has been essentially constant for 10 years. To the extent that scientific advance is linked to money (there is a close but not rigid relationship) that means a decade without real growth. Meanwhile, increases in research funds in Japan, West Germany, France and elsewhere have paid off with growth in sci-

tific and industrial productivity. And now federal research budgets face severe cuts.

Basic research, a long-range investment for the benefit of all of society, is properly and necessarily the responsibility of the federal government. Industry can be asked to expand its support of applied research and of development projects, but it is not industry's role, nor is the industrial setting the best environment for basic research. Yet less than 15 percent of federal research and development funds currently goes to basic research.

Too much federal money supports development projects that are the proper province of industry. Allen Bromley, president of the American Association for the Advancement of Science, suggests that the term "R&D" be dropped, in order to separate the financing of these two very different activities.

If serious damage is to be avoided as the budget is cut, Congress and the administration should protect and in some fields increase basic research funds. Ways should be explored to assure more continuity in the amount of support such research is given. It takes nine years to produce a Ph.D. in science, and years to assemble a research team and complete a project. When the money disappears for a few years, the people disappear too, and can seldom be brought back. Abrupt changes like those that took place in last year's budget cycle can wipe out years of past investment and future productivity.

THE WASHINGTON POST

Feb. 4: From Our Pages of 75 and 50 Years Ago

1907: Lively Tehran Parliament

TEHRAN — There was great excitement at the latest sitting of Parliament. The Speaker demanded why the deputies had not yet taken the oath of allegiance prescribed by the constitution. Someone cried: "They refuse the oath because they are traitors." This caused an extraordinary uproar, all the deputies speaking together, while the president rang his bell to restore order. The Grand Vizier's letter, naming eight responsible ministers, was then read. The assembly asked whether the Finance Minister is responsible for the customs. Saad ed Dowleh said that as Great Britain, with all her dependencies, has eight ministers, the Cabinet of Persia, which is a smaller nation, need not baffle more.

1932: In Praise of the Hatpin

PARIS — A reader continues a discussion on the return of the hatpin. "In the first place," she writes, "it retains the hat at the desirable angle. As a weapon it is even more useful. Many a time and oft when out alone at night I have felt safe and even courageous knowing I possessed a weapon sharp and at the same time light enough to use with efficiency and force. How often have I combated impertinence or amorbusness on the New York subway with a slight but well-directed prick at the psychological moment. They are much safer and cheaper than pistols and at the same time a weapon that even the most conservative and gentle of her sex need not blush to use."

Mitterrand on History, America and Prospects

By James Reston

PARIS — President Mitterrand is not happy with the state of the Atlantic alliance these days, but, unlike many others in Europe, he is cautiously optimistic about the future of the Western world. There will always be crises, he says, but we should not confuse crisis with decline.

He would put it this way, he said: It is essential that the American people and state should be really strong for the defense of the values of the West, and appreciate that the United States will be a great nation so long as it never acts contrary to public freedoms.

Mitterrand is obviously eager to talk to President Reagan about deeper questions — perhaps on his way to Japan in April, or preferably sooner. Meanwhile he talked of immediate problems:

• **Unemployment in the West:** 8.9 percent in the United States, 7.5 percent in France, 10 percent (or 25 million people) in Western Europe. Mitterrand said that he was no prophet, but that if U.S. policies continued as they are, unemployment would undoubtedly increase.

• **Interest rates:** He was not judging Reagan's economic policies for the United States, he said; that was Reagan's responsibility. But high interest and exchange rates were weighing very heavily on the economies of the allies.

• **What could Europe do about this?** As there is already a European monetary system, Mitterrand replied, it would be a good idea if there were also a European system for rates of interest. He added that there would also have to be a system of control to avoid capital outflow from Europe.

mocracy are sound and do not suffer from the inequalities of race or class.

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• **European anti-nuclear demonstrations:** On this question, he said the German problem is most important. Many West Germans feel, he said, that their country is "a barrel of explosives," including thousands of nuclear weapons over which they may have no control. This problem, he said, would be with us for a long time, but it had been eased greatly by the Soviet action in Poland.

• **Poland:** That was a genuine revolution, unlike Czechoslovakia or Hungary in 1956. It was not strong enough to shake the foundations of the Soviet empire, he said. It was not decisive, but sometimes, as in 1948, revolutionary movements, while not immediately successful, foreshadow events as in the collapse of the Austro-Hungarian Empire long after the death of Mitterrand.

Mitterrand seemed to be saying that time is not on the Soviet side but on the side of freedom. He was also saying that we have to be clear about what the West can do in Poland and what it cannot do.

Personally, he said, he does not believe in an economic blockade of Poland and the Soviet Union unless it is part of an agreed alliance strategy of confrontation. But there is no such agreement within the alliance.

There is not even much consultation. There are exchanges of impressions and prophecies, but no serious consultation on a strategy of confrontation. This would have involved, he said, the question of military op-

position or economic blockade, which would have been a first step toward military action.

Nobody in the West, Mitterrand implied, is prepared to believe that Poland could be detached from the Soviet empire by threats while Moscow buys grain from America and sells natural gas to Western Europe.

What the West cannot do, he insisted, is encourage Polish military resistance that the West is not willing and able to support. What it could do, he suggested, is help the Polish people with food and credits and make clear it has heard their cries and supports the aims that are rationally within their reach: a return to civil law, release of political prisoners, restoration of communications through the press, and resumption of negotiations between the Polish government and the unions and the church.

Mitterrand was clearly trying to make the best of a bad situation and didn't want to pick a fight with anybody. But he said that Poland had been part of the Soviet sphere of influence ever since Yalta two generations ago, and that those who signed that agreement without assuring that its terms would be carried out should be careful about proposing sudden remedies for its abolition.

He argued for more consultation, cooperation and coordination of policies among the allies, and, on the basis of history, a little more confidence that the last years of the century will be better than most commentators in the West now suppose.

The Party Perplexes Italians

By Enrico Jachcia

ROME — The quarrel with Moscow over Poland has put the Italian Communist Party on center-stage in Rome. Although momentarily eclipsed by the liberation of General Dozier, the dominant question remains the acceptability of the Communists as a reliable partner in government.

A certificate of good conduct has been denied to them for 35 years. The consequences of a sudden change would be far-reaching.

For decades, the Christian Democrats have justified their opposition to the Communists on the ground that they obey Moscow. This is an oversimplification, but it has proved useful as a way of keeping Enrico Berlinguer's party out of power. If the Communists break with Moscow, their political image will change.

To what extent? This question is the core of the present debate in the directorates of the five-party government coalition.

There is another aspect of the debate that may have an impact far beyond Italy's borders. It has been said that a main concern in Moscow has been the stance of the Italian party — supported by the Spanish and other "Eurocommunist" parties — toward the so-called liberation movements. Italy is of marginal importance in Soviet planetary strategy, but the Third World is essential.

The Italians have taken a number of initiatives that collide with the Soviet line in Africa and Latin America. In Mozambique, for instance, they have a strong influence on the government, which is Marxist-oriented but seeks, like the Angolan government, to diminish its dependence on Moscow.

Ethiopia is perhaps the country in Africa in which Communism has taken deepest root. A high-level delegation of the Ethiopian Revolutionary Council came to Rome last fall for a week-long exchange of views with the leadership of the Italian Communist Party. It has been reliably reported that most of the talks centered on Eurocommunism, an ideology that could appeal to the independent-minded Ethiopians.

Italy's Communists have established good connections with Marxist movements in the Arab world and with Latin American revolutionaries. On a recent tour of Central America, Berlinguer was enthusiastically welcomed by the local leftist movements, which are now returning the visit. A delegation of the El Salvador Communist Party has been a guest of the Italian party.

The death of a leader of Suslov's stature is bound to shake the edifice and bring changes in at least 5,000 responsible posts, by the estimate of some experts. It was because the Soviet nomenklatura has not prepared to handle a change of this magnitude that not a single member of the ruling group was removed or shifted during the 26th party congress a year ago.

Suslov's "unexpected" death may therefore lead to a battle among the clans headed by their Politburo leaders, which would have a domino effect. It might bring about a series of simultaneous departures from power and responsibility all the way down to the municipal level.

The death of a leader of Suslov's stature is bound to shake the edifice and bring changes in at least 5,000 responsible posts, by the estimate of some experts. It was because the Soviet nomenklatura has not prepared to handle a change of this magnitude that not a single member of the ruling group was removed or shifted during the 26th party congress a year ago.

The Italian Communists have worked out a policy adapted to the ideological requirements of those Marxist nationalists in the developing nations who are looking for a "third way" between free enterprise — or capitalism, as they call it — and Soviet Communism.

It is often asked whether international security and world stability are best served if the strongest Communist party in the West is free to influence the Third World wholly independently of Soviet control or direction.

Although the prospects for genuine detente look dim at present, some compromise will have to be reached eventually between the requirements of the Western democracies and those of the Eastern bloc. Moscow can be expected to comply with the basic rules of such a compromise, one of which would be restraints on the overseas activities of its client parties.

However, if a heretical yet influential Italian Communist Party were acting on its own, it could help to subvert Central America or counter Western policies in Africa — in effective ways, yet beyond the responsibility of Moscow.

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Letters

German Jews

Regarding the assertion in a Reuters report from Berlin (IHT, Jan. 30) that "Germany once had a thriving population of 2 million Jews": The correct figure for 1933 would be about 499,700.

It was Suslov who thought up the ideological justifications for all the phases of the Soviet political and military expansion, from the great purge of the 1930s, through all the excommunications (Tito and Mao, for example), all the pacifications (Hungary, Czechoslovakia), up to the ultimatum he delivered in person last May to Warsaw warning that the tide of events must be turned.

The catastrophe in Poland — where the army violated his basic principle of party superiority and took over the reins of government

— was only a temporary interruption in the Suslov line.

Premier Alexei Kosygin died more than a year ago; his seniority as premier and as a director of the economy was equal to that of Mr. Suslov. His death did not bring about a transformation of the economic system, despite the fact that the system has maintained the standard of living in the Soviet Union at the level of an underdeveloped country.

Despite a long series of political defeats including the recent break with the Italian Communist Party, and despite the loss of its power to proselytize, the Suslov ideological line will probably survive Suslov.

There may be some difficulty in choosing a replacement for the

grand ideologue. Sixty-four years after the Bolshevik revolution, the Soviet Union has still not managed to establish a normal process of succession.

Still, the Soviet Union is a young country. As paralytic as the system may be, younger generations are waiting to benefit from normal movement upward.

The current phenomenon may be without precedent in history: a country ruled by a senior citizens' club. The average age in the Politburo is 70; that in the Central Committee Secretariat is 68; in the Central Committee it is 64, and in the Presidium of the Council of Ministers it is 69.

This incongruous situation is the result of an equilibrium, a cautious balance among the Politb

In Central America, Recession Rivals Violence as Gravest Threat

Rising Oil Prices, Falling Export Prices Threaten Stability as Much as Rebels

By Alan Riding

New York Times Service

MEXICO CITY — The world recession has thrown potentially greater obstacles in the path of political stability in Central America than the extremist violence affecting much of the region.

Almost without exception, the rural-based economies of the isthmus have been ravaged by rising oil import bills, low commodity export prices, high interest rates and a shortage of foreign credit.

In every country except Panama, per capita income fell sharply last year while rising inflation, unemployment and food shortages steadily narrowed the margins of survival for the poor majority of Central America's 23 million inhabitants.

As a result, even where the political will exists, as in Nicaragua and Costa Rica, efforts to deal with the roots of unrest have been indefinitely postponed as governments struggle to avoid financial collapse.

Many regional experts believe Central America has no chance of alleviating chronic problems such as illiteracy, disease and malnutrition or tempering the more recent phenomena of insurgency and repression without first recovering a degree of economic health.

"Ninety percent of Central America's problems are economic," Costa Rica's president, Rodrigo Carazo Odio, said in a recent interview. "What better candidate is there to become a guerrilla than someone who is unemployed?" Central Americans believe in freedom and democracy, but they may be driven to despair.

The tiny republics have virtually no control over their economies. Rising costs of essential imports and shrinking prices paid for their coffee, cotton, banana and meat exports are determined abroad. The slump in demand has battered intraregional trade in the few industrial products they sell. Foreign bankers are reluctant to add to a debt that is already beyond the region's capacity to repay.

A sign of Central America's despair is that during the past 12 months every country except Nicaragua turned to the International Monetary Fund for help. Nicaragua refused to do so only for political reasons but was no less hard pressed — and accepted greater austerity in exchange for standby credits.

Even the hope of emergency financial relief from foreign governments has waned in recent months. Despite the enormous international attention given to Central America's political struggle, its economic crisis has been largely ignored abroad and foreign aid levels remain low.

The \$200 million in assistance given by Washington to El Salvador last year exceeded the total aid provided to the rest of the region, but its primary objective was to ensure the Salvadoran junta's political survival.

No common economic approach has been forthcoming. The Reagan administration says that only the private sector could rescue the area's economies, while Canada, Mexico and Venezuela argue that government finances must first be strengthened. Canada is therefore increasing its direct aid, while Mexico and Venezuela are each providing about \$375 million a year.

The United States has now drawn up its own policy. President Reagan is soon to propose to Congress a U.S. program for the Caribbean Basin comprising creation of a "one-way" free trade area, fiscal incentives and guarantees for U.S. private investment in the region and a modest increase in direct aids.

But it is expected to have in the short-term impact on Central America's crisis. An experienced U.S. diplomat described the aid component as "too little, too late."

The formulas they are offering are completely inappropriate for a country like ours, Mr. Carazo said of Costa Rica. "Free trade and greater private investment are very welcome, but it would also be logical to aid the public sector at a moment when our crisis is the result of paying high prices for our imports and receiving low prices for our exports."

Despite their deep political differences, the six countries of the region reached agreement on a common position to be presented in the sponsors of the Caribbean Basin plan. In it, they called for \$5 billion in emergency aid and \$15 billion in long-term development assistance by 1990.

But since such vast sums are unlikely to be provided by foreign governments, international organizations or private banks, further contraction of economic activity and government spending — with predictable social and political repercussions — seems unavoidable.

Nowhere has the impact of the world recession been felt more strongly than in Costa Rica, where, despite an entrenched tradition of democracy and social welfare that has long been the envy of the rest of Central America, the economy has proved no less vulnerable.

The rise in world oil prices and drop in world coffee prices in 1979 meant that earnings from Costa Rica's main export were soon spent entirely on imported energy. For a while, the government covered its widening balance of payments deficit with new foreign loans, but when interest rates rocketed last year, it could neither meet its debt service obligations nor raise new credits. Last month, the government said it owed \$2.6 billion abroad and had \$5 million in the central bank.

The results have been disastrous. The country's currency collapsed from 11.6 U.S. cents to the colon to 2.5 cents in 18 months. Inflation in 1979 jumped by more than 60 percent, unemployment tripled to 15 percent, dozens of factories closed for lack of imported raw materials and the welfare state struggled to survive.

Public attention is riveted on the presidential elections Sunday. But labor unrest is already on the rise and, with no end to the recession in sight, political stability could be gradually eroded.

Throughout the region internal and external economic forces seem as likely to determine its future as the more dramatic political struggle. At present, countries with different political models — Honduras' new democracy, Nicaragua's revolutionary regime and Guatemala's rightist military dictatorship — are all facing similar financial problems that no ideological handbooks can answer.

In July, 1979, Sandinista guerrillas ousted Nicaragua's Somoza regime and inherited not only a war-damaged economy but also a \$1.6-billion foreign debt that it was forced to honor — and renegotiate — in order to raise new loans. Its debt now stands at \$2.8 billion and, despite \$100 million in credit from Libya last year, it has reached its borrowing limit.

In El Salvador and Guatemala, the economic crisis is being aggravated by — and is also feeding — political violence. Many wealthy businessmen have fled abroad with their savings, and private investment has ceased.

One irony is that, while economic stagnation has become a major political headache, it was the region's rapid, though unbalanced, economic growth in the 1960s and early 1970s that first began to undermine the political systems of much of the isthmus.

The creation of a Central American Common Market in 1961 stimulated foreign investment in light industries and assembly plants in most capital cities but principally in San Salvador and Guatemala City. These gave birth to a first generation of industrial workers and expanded the urban middle class, which began pressing for social reforms and democracy.

In the countryside, where the peasantry was traditionally coerced into supporting rightist parties at election time, the political balance was disturbed by the introduction in the late 1950s of cotton plantations and cattle ranching, both of which required large extensions of land.

Not only did powerful hacienda owners "steal" communally owned land, but rising birth rates added to population pressures on existing peasant plots. By the mid-1970s, peasants in many areas — though, again, notably in El Salvador and Guatemala — were ripe for organization by leftist militants or activist Catholic priests.

Thus, while the region's economies were growing annually by 6 percent or more, the new wealth was concentrated in few hands as the poor became poorer. And when inflation appeared as a permanent phenomenon after 1975 and most rural and urban wages remained frozen, political agitation grew.



Salvadoran peasants undergoing military training at school run by the guerrillas where they also take political courses.

Training School for Salvador's Rebels Blends Marxist and Military Thinking

By Raymond Bonner
New York Times Service

ZAPOTLÁN, El Salvador — Twenty-four peasants were receiving their first formal military training near here as members of the sixth class of the Farabundo Martí National Liberation Front's military school for the Eastern Front.

The peasants were also being introduced to Marxist principles in the school, where political courses are an integral part of the curriculum.

The purpose of the school is to consolidate the peasants' political, ideological and military thinking and to develop military commanders, explained the school's director, Orlando Rodríguez, 31, who said he graduated from the seventh grade and joined the revolutionaries in 1974.

For more than a year these poorly equipped peasants, with whom this reporter walked and lived for two weeks in the northern mountainous region of Morazán province, have engaged in combat with an army that has received helicopters, weapons and training from the United States.

In recent weeks, they have overrun military posts throughout the country, apparently in preparation for attacks on larger military garrisons before the national elections scheduled for March in which the revolutionary forces are not participating.

Revolutionary Definitions

At the military school, the students, who included two Hondurans, were sitting on crude benches on the pablo of a four-room adobe that is now the revolutionaries' military school. Comdr. Rodríguez was explaining El Salvador's social-economic structure as the revolutionaries see it.

On a chalkboard he had drawn an inverted pyramid. On top were the names of several of the country's wealthiest families, grouped under the category, "oligarchy." Further down were the "rich peasants" — those who owned cars and cows — followed by "daily farm workers."

Among the titles of the political courses are: "Democratic Centralism," "Strategy of the Revolutionary War and the Taking of Power" and "Bourgeoisie."

Proposed subjects for themes, which the military students write in notebooks, include: "What Is Marxism," "How to Ambush the Enemy," "What Ought to Be the Qualities of a Revolutionary" and "Explanation About the Fight of 1932," a reference to the Communist-led peasant uprising in El Salvador in 1932 when about 30,000 peasants were killed, one of whom, Farabundo Martí, gave his name to the guerrilla army.

But most of the guerrillas have gained their military experience in combat during the past year.

"We must learn from our successes as well as our failures," Jonas, the senior military commander in Morazán, told several hundred peasant soldiers and civilians gathered in a field to honor the 75 combatants who died in battle in Morazán in 1981.

Few of the peasants who make up the combat units in the Eastern Front are older than 24 or 25, and about 80 percent are 18 years old and younger, according to Licho, the 21-year-old comandante in charge of military operations in Morazán province.

A peasant attended school only until the second grade, Licho received his military training in the Salvadoran Army. In this respect, he is like many of the Farabundo Martí field commanders.

Goya, 24, who like all the guerrillas uses only a single name, said he served in the regular army 20 months in 1976-1977. Asked what rank he was when discharged, he said "a sad soldier." In 1978, he said, Salvadoran soldiers killed his mother, father, sister, who was eight months pregnant, brother and his brother's two children, who were one and two years old.

A War of Movement

Another company commander, Che, 29, was in the army in 1972-1973. A native of Morazán with a sixth-grade education, he has two younger brothers who are also guerrillas. His father works in a production brigade that supports the guerrillas, he said. He has not seen his wife and daughter, aged 2 and 4, since they fled to a refugee camp in Honduras two weeks before Christmas in 1980.



A young rebel getting ready for battle

"The military instruction is good, but the ideology is bad because it's against the people," Licho said when asked about his experiences as a government soldier. "They don't tend to respect the human rights of the people."

The military leaders in this zone, which is considered the strongest militarily of the four Farabundo Martí zones, described their strategy now as a war of movement, not positions.

When attacked, their objective is to minimize losses. Their goal, they say, is not to protect or hold any specific territory, except where their radio station, Radio Venceremos, operates. It is to defeat the enemy. They will do that, they say, by exhausting the government's soldiers physically and mentally.

"He turns to his officers and asks 'Where are they?' The officer has to say 'I don't know.' It's very demoralizing."

Offensively, the revolutionary strategy is to attack small government outposts, which are located in villages. The objectives of these missions, the leaders say, are to obtain weapons and military supplies and force the government troops gone, the revolutionaries say they can buy food and supplies, such as flashlight batteries and plastic canteens. And they move closer to larger military garrisons they plan to attack, such as the one in San Francisco Gotera.

Pincer Operation

Nationally, the plan is to gain control of the countryside, maintain the mobility of small units, then slowly surround and strangle the main cities, such as San Miguel and eventually San Salvador. The military leaders here contend they have the capability now to overrun the army units in Gotera and San Miguel.

They do not do so, they say, because they fear the air force would stage bombing raids against civilians.

His assessment that victory will come because the revolutionaries have the support of the people was heard frequently, from frontline combatants to senior commanders.

"We're ready to negotiate, to seek a political settlement, so that fewer people will be killed," said Licho, recovering one morning after an attack on a military post in Jocotíque. "But the enemy doesn't want one. So the only way is to continue fighting."

"We found ourselves surrounded," said Novo, 28, who abandoned his farm and joined the

revolution two years ago. He is now commander of 200 people who work in an agricultural production brigade in Morazán.

Drawing in the dirt with a stick, he showed how he led a column of about 1,100 peasants through government lines. The column, which included women in their 60s and dozens of infants, walked eight days, usually at night, while helicopters and small planes fired at them. He said the peasants, who bad only five rifles, survived on water, sugarcane and a small piece of corn tortilla each day. His column suffered no casualties and one woman gave birth, he said.

In another fleeing column, led by a 39-year-old North American who has been in the front since March, two women gave birth. He said one named her son Farabundo Martí; the other, her daughter Liberty.

"No modern technology, no American adviser can admit that a peasant woman will walk for days, give birth, then walk more," one rebel leader said. "That's why we'll win," he added.

During operations in 1981, guerrillas in Morazán captured 49 government troops, said Jonas, the senior military leader in the province. He said 38 had been released, six chose to join the revolution and five, captured a few weeks earlier, were to be freed in a few days.

Tried for Release

Jonas said the guerrillas have tried to arrange for the release of all prisoners, including those captured in other fronts, to the International Red Cross. The Red Cross representative in San Salvador explained several weeks ago that the Salvadoran government had declined to allow the Red Cross to intervene. He said the military officials feared that more soldiers would surrender if they knew they would be turned over to the Red Cross.

"Many of us wanted to kill" the prisoners because the enemy soldiers have killed so many peasants, said an 18-year-old combatant. But, he added, Jonas and the other commanders had ordered that prisoners not be harmed.

Jonas offered two motivations for treating the prisoners well. First, he said, when word that prisoners are not tortured reaches other soldiers it is hoped that more will surrender, thus bringing more arms to the revolutionaries. Second, he explained, after the war the revolutionaries wanted to integrate its troops with the regular army. Thus, they want to minimize ill-will being generated during the war.

Five Salvadoran soldiers captured on Dec. 29 in Guacamaya said they had been told by their officers they would be tortured and killed if captured. But they said they had been treated well. One 15-year-old had been in the army less than four months, he said; a 25-year-old medic said he had been a soldier for five years. Their guards were sitting about 30 yards away while the prisoners were interviewed.

Smiling and appearing in good health, the prisoners said they had been given civilian clothes when their uniforms were taken. They said they were fed the same meals of tortillas and beans or meat that the revolutionaries ate.

They said they were worried about being released because they knew of other soldiers who after being released had been killed by Salvadoran soldiers. Thus, they said they had asked Jonas to escort them to an area near their homes so they could return to their families without the army knowing. One said that after visiting his family he would try to go to another country. Another said he was thinking about returning to fight with the rebels. Three others said they did not know what they would do but they did not want to return to the army.

"Even though the enemy has planes, bombs, more powerful weapons and American advisers, we will win because we have the support of the people," said a 19-year-old platoon commander. He added that the army soldiers are fighting because "they are paid to, are obligated to." The peasants are fighting because they want to, he said.

His assessment that victory will come because the revolutionaries have the support of the people was heard frequently, from frontline combatants to senior commanders.

"We're ready to negotiate, to seek a political settlement, so that fewer people will be killed," said Licho, recovering one morning after an attack on a military post in Jocotíque. "But the enemy doesn't want one. So the only way is to continue fighting."

"We found ourselves surrounded," said Novo, 28, who abandoned his farm and joined the



Music Director Mstislav Rostropovich and Amway co-founders Rich DeVos and Jay Van Andel

HANDS ACROSS THE SEA

National Symphony Orchestra European Tour

February 4 Zurich	February 17 Amsterdam
February 5 Stuttgart	February 18 Dusseldorf
February 7 Munich	February 19 Paris
February 9 Berlin	February 20 London
February 10 Mannheim	February 21 Brussels
February 11 Eindhoven	February 23 Hamburg
February 12 Hanover	February 24 Barcelona
February 14 Vienna	February 25 Madrid
February 15 Vienna	

On February 1, the National Symphony Orchestra begins its first tour of Europe under its Music Director, Mstislav Rostropovich. The 103 member orchestra will perform 17 concerts in eight countries.

This European tour marks the beginning of the orchestra's 51st year. Amway Corporation, an international direct selling organization, in recognition of its co-founders' belief that cultural activities deserve greater financial support from the private sector is proud to be the major underwriter of the tour.

Sponsorship of such a tour at this time is especially appropriate since 1982 marks the 20th anniversary of Dutch-American diplomatic relations and Amway is actively

Eileen Paisley Takes The Cause to the U.S.

By Paul Hendrickson
Washington Post Service

WASHINGTON — Her husband, the Rev. Ian Paisley, Protestant leader in Belfast, has been called by his enemies the "clergyman in jackboots," the "bloated bulldog," the Devil incarnate. Those are some of the kind words. A year or so ago a writer for *The Atlantic Monthly* called him a "pompous, hysterically foulmouthed brawler." To his friends he is "the good doctor." So what can Mrs. Paisley be like?

Every morning they both go his office, she says. She is his chief mail sorter. But they don't go together. Her husband goes in a police car, she drops the twin boys off at school. Sometimes, going out the driveway, she sees the Roman Catholic priest who lives just across the avenue. "He'll blow the horn of his little car, we're quite friendly." That night around the dinner table, one of the children might bring up what everyone simply calls The Troubles. "It comes up," Mrs. Paisley says with a sad little shake of her head, twisting a demure gold wristwatch. "The tally is usually on, and of course we've always waiting for news reports." And then, as if the were really talking to herself, "I wish our lives could be like what they once were."

So recently, while her banned husband sat up in Canada, denied a U.S. visa because his visit is thought not to be in the interests of the United States, a buxom, gray-haired, bird-voiced, middle-aged lady, with a triangle of hankies in her right hand, came to face the lions of the National Press Club. If her husband is the "monster" his critics portray, Eileen Paisley is not. Ian Paisley is a demagogue and firebrand, his wife seems merely an Irish mump with gray pumps and a modest dress and disarming friendliness.

Eileen Paisley polished her silver spectacles. She poised a glass of ice water at her lips and drank modestly. She held a fork in her left hand and a knife in her right delicately through a plate of greens and soggy-looking beef. She smiled out on a floor of ravenous scribes as if they were a church choir.

Then she got up to read her husband's speech. She delivered it just as he had written it. She is a housewife and mother and not a political leader, though she has served on the Belfast city council. She read the speech quietly and determinedly and a little nervously. She let those with her answer the questions. In the speech, the wife of Northern Ireland's most militant Protestant leader said things like this:

"What the IRA cannot attain by the bullet it seeks by the ballot."

"We come to North America today to explode the IRA-spawned myth that Ulster is British by comparison rather than by choice, and that the IRA are gallant freedom fighters rather than cold-blooded terrorists."

When she reached a point in the talk about the death of Robert Bradford, Protestant member of the British Parliament who was killed in Northern Ireland in November, her voice thickened and her eyes welled and she looked down the podium at Bradford's wife, a pretty young woman, perhaps still in her 20s, who had come to the United States to be with Mrs. Paisley and the entourage of MPs. Mrs. Paisley knew Robert Bradford well. "Norah Bradford would not be here today in place of her late husband if he had not been savagely murdered by the IRA," she said. The tone seemed out of sync with the words, though you wouldn't have questioned whose side she was on.

Afterward, in a room off the press club's ballroom, she faced a polite, natty, hard-charging British TV reporter. What about those who say you're religious bigots? the reporter wondered while the cameras rolled.

Didn't she think she was a bigot, actually, she said.

You're coming in your husband's place. Seems a bit of a publicity place. The TV man went on.

Didn't think it was, she allowed.

On the way you explain the violence, the reporter persisted.

"Sounds like a bit of a whitewash."

"Well, I don't think so."

Afterward she said: "I suppose they want to bring the worst out of you."



John McDonnell, The Washington Post

The religious hate has gone on since William III of Orange defeated the Catholic King James in 1690. "Oranges" against the wearing of the green. There are a million and a half people in the north of Ireland, and the majority of them are Protestant, loyal to the British crown. As Eileen Paisley's husband proclaimed to a crowd of 10,000 outside the city hall of Belfast a few weeks before Christmas: "We are not going into an Irish republic, never, never, never. It will be over our dead bodies."

In her husband's absence, Mrs. Paisley and her delegation came to Washington to try to advance the cause of the Unionists. The Protestant point of view is that largely unknown U.S. sympathizers have long been funding "IRA terrorism." Funds and even arms have been obtained in the United States for the use of Republican terrorism, they say. Mrs. Paisley and the MPs and Robert Bradford's widow came to try to "put an end to this."

"Well, yes, he did say that."

Mrs. Paisley said: "The press everywhere is forever reminding her of things her husband said. 'But at home he's quite gentle and sweet. You should see him. Doesn't drink or smoke. Likes to watch westerns.'

"Well, I don't think so."

Afterward she said: "I suppose they want to bring the worst out of you."

France Boosts Aid for Music, Dance

International Herald Tribune

PARIS — As part of a bid by the Socialist government to invigorate the French arts, the Minister of Culture, Jack Lang, announced Wednesday a 67 percent increase in the government's budget for music and dance this year.

Lang, who has publicly echoed complaints in France about the inflexibility of American entertainment, refused to rule out a quota system rationing imports if the new government incentives fail to revive consumption of France's cultural products.

Although government support for music and dance has increased considerably since the creation of a specialized department in the Cultural Ministry under André Malraux 15 years ago, the funds available in the first Socialist budget mark a bid for a major expansion throughout the country.

The new funds — approximately \$63 million more than last year — will subsidize creative efforts in both serious music and popular entertainment, expanded stress on the arts in the provinces and also a broad program to improve musical education in French schools.

Lang, at a press conference after a French cabinet meeting, said the government is seeking to "rehabilitate" popular arts in France and also to "regain control of France's cultural industries which are being lost to the multinational corporations." New government subsidies will stimulate French musical industries including the manufacture of instruments and the production of records and musical publications.

Asked whether France might seek to curtail the use of foreign music and films, Lang said he hoped that "positive measures" would strengthen the appeal of French music. Otherwise, he said, the government would consider imposing quotas on foreign entertainment on the government-controlled media, as sought by some French promoters.

Meanwhile the Ministry of Culture issued a communiqué Wednesday publicizing Lang's participation in a series of French cultural events in the United States this month. They include a complete cycle of Beethoven symphonies at Carnegie Hall by the Orchestre de Paris conducted by Daniel Barenboim and a major retrospective of the French painter Yves Klein opening today in Houston.

The Klein show, the communiqué said, was an opportunity for French art to break into the art market in Dallas and Houston.

Among the items announced by Lang and Maurice Fleuret, the new director of music in the ministry, were:

- An increase of 37 percent, to \$40 million, in the operating budget of the Paris Opera in 1982. Lang also said that details of a plan to construct an additional house for the Opera would be announced next week by President François Mitterrand; asserted that the Salle Favart, the former Opera Comique, would be reopened this year; and said that negotiations were continuing with Rudolf Nureyev.

The Klein show, the communiqué said, was an opportunity for French art to break into the art market in Dallas and Houston.

Daniel Barenboim and a major retrospective of the French painter Yves Klein opening today in Houston.

The Klein show, the communiqué said, was an opportunity for French art to break into the art market in Dallas and Houston.

for the post of ballet director of the Opera.

A stress on regionalizing music and dance activity and education. The budget in this sector was almost tripled over last year, and Lang emphasized that there would be less central control and more encouragement of local and regional initiative.

A new emphasis on jazz and other forms of popular music. Lang said that under the new government the popular arts would be equal to all others. Projects include the creation of four regional centers for French chanson and a theater for popular music in the Paris suburbs.

A budget of \$4.5 million, eight times that of 1981, for new and existing centers of contemporary music, research and commissions. Lang said that the compos-

ers Pierre Henry, Iannis Xenakis and Jean-Claude Eloy would be among those in charge of new projects. Xenakis and Eloy have been prominent critics of what they consider excessive public funding of the IRCAM music research center, created under former President Georges Pompidou and headed by Pierre Boulez, whose name was not mentioned at the press conference.

The creation of a French youth orchestra, similar to those in Britain and other Common Market countries, and a new orientation for the Orchestra de Paris, which is subsidized by the state and the city of Paris, to make it a "real national" ensemble.

The creation of a new national dance conservatory based in Marseilles and under the direction of Roland Petit, director of the Ballet National de Marseille.

chance for success. The Burma book, in print for about six weeks, has already sold 12,000 copies.

Most of APA's books break even at about 25,000 copies. Last year, the company printed more than 300,000 copies of its books.

APA fills an unexpected void in the publishing world of travel guides. "We did books for a certain kind of person and ended up selling to others," said Hoefer, whose first book on Bali was written for people like himself, the traveler not the tourist. The difference, Hoefer believes, is that tourists want to know how to get there and travelers want to know why they should go.

But APA's sales have depended on neither. The first book on Bali was a success because Intercontinental Hotels, which lent Hoefer \$50,000 to produce the book used it for promotion. The Bali book was also instantly profitable when a Hyatt hotel bought the first run of 23,000 books.

Each guide has at least 300 color photographs. Writers and specialists in local folklore and history write the text, and an editor brings it together. Every year or so, the guide is updated. The Bali guide is now in its ninth reprinting.

For exotic places, the APA combination of Rolling Stone magazine and The National Geographic worked well. It is a style that European readers seem to enjoy, but the American audience is still a question.

Of his Florida publication, Hoefer said: "We don't know if it will work; we will just have to give it a try. Just in case it does, APA has already begun work on its next state guide, on California."

Publisher Taps 'Travelers' Market

By Pamela G. Hollie
New York Times Service

SINGAPORE — Hans Johannes Hoefer's passion for travel took him to places many people only dream of going to. He has seen the sunset from the summit of one of the world's highest passes in the Hindu Kush mountains, visited hill tribes in Malaysia and lived in a village in Bali.

In 1970, he and a couple of friends started APA Productions Ltd. and began publishing books about the places they had seen — glossy paperbacks that cost too much to be considered tourist guides, were too heavy for backpackers, too literary for many tourists and too small to pass for coffee-table books. They sold only about one million copies.

By publishing standards, APA, which has its headquarters in Singapore, is still very small. It has a staff of 30, and its sales in 1981 amounted to about \$1.6 million. But in the last two years, with the establishment of the APA photo agency, which expanded the company's business into contract photography, audiovisual services and brochure design, production and printing, APA has become a profitable little dream machine.

Hoefer realized that the hundreds of pages of research and

thousands of photographs that did not go into the books would be wasted unless used in some other way. So APA formed the photo agency to provide customers such as the Hong Kong Tourist Commission and Singapore Airlines with color photographs of exotic places.

Now looking for new markets,

APA's wanderers-turned-executives are talking about extending their range to the United States and Europe. "By 1983, we expect to have an editor for Europe and the Mediterranean," said Hoefer, who is writing the book.

Exotic Advantage

APA's office in the United States is in Honolulu. Until recently, Hawaii was the only state that had its own APA guide. Now in its ninth printing, the Insight Guide Hawaii, which came out in 1980, has sold 105,000 copies. But Hawaii has the advantage of being exotic, like the sites of APA's other guides — Thailand, Bali and Burma — and places where guidebooks are planned, Nepal and Sri Lanka.

For its first book on an American state other than Hawaii, APA chose Florida. After 10 books on Asia and one on Hawaii, Hoefer thought it was time to try APA's style on one of America's largest tourist markets. A thick pink guide was produced, with everything a traveler might want to know about Florida. "We are traveling Florida like a country," he said.

"Forty million people go there every year," said Hoefer, who estimated that, compared with Burma, where only 30,000 people are admitted on seven-day visas each year, Florida offered APA a good

chance for success. The Burma book, in print for about six weeks, has already sold 12,000 copies.

Most of APA's books break even at about 25,000 copies. Last year, the company printed more than 300,000 copies of its books.

Each guide has at least 300 color photographs. Writers and specialists in local folklore and history write the text, and an editor brings it together. Every year or so, the guide is updated.

For exotic places, the APA combination of Rolling Stone magazine and The National Geographic worked well. It is a style that European readers seem to enjoy, but the American audience is still a question.

Of his Florida publication, Hoefer said: "We don't know if it will work; we will just have to give it a try. Just in case it does, APA has already begun work on its next state guide, on California."

Idle's 'Pass the Butler': The Pass Is Incomplete

By Sheridan Morley
International Herald Tribune

LONDON — Eric Idle's "Pass the Butler" (at the Globe) is a stage farce in much the same way that "The Wizard of Oz" was a documentary about midges; there are certain moments when it fleetingly fits the description, but a large Idle seems to know about as much of play construction as the late great Ben Travers knew of oxyacetylene blowpipes. Which is more than a pity, because on this evidence alone Idle is a very funny man who, if he could have gone the distance, might have come up with a very funny play.

He is the "Monty Python" television satire alumnus still perhaps best-known as the judge-nudge-wink-wink-say-no-more man; but one of the problems with that type of tele-sketch background is that it tends to think in short, sharp 10-minute sequences, which is why roughly six times an hour in "Pass the Butler" the dialogue grinds to a total standstill and has to be cracked up again in some totally different direction.

The plot, meanwhile, seems to have been dreamed up by some unlikely alliance of Joe Orton and Agatha Christie. We are in a stalemate home dominated by a coffin-shaped life support machine within which lies a cabinet minister. His wife and children have gathered around for the formal ceremony of switching him off, electricity being what they are, when a bizarre offstage accident causes the sudden death of the prime minister. The man, or, as it later transpires, woman, on the machine is thus now leader of the nation and for the first time in the island's history an emergency cabinet has to be formed by an emergency cabinet.

So much for plot, which is not bare a prime consideration. What Idle likes best are the jokes, and to pursue of them he will take his play and players more or less anywhere. An elaborate family game of tiddying up newspaper-reported deaths is played at some length largely to get us to a punchline ("When Scandinavians fail to commit suicide there really is something rotten in the state of Denmark") which turns out to be only just, as Michaela would say, worth the detour.

There is, it's true, something very endearing about a character arriving on stage to announce "Sorry I'm late. It's a fine morning so I was out exercising my discretion," and something even more endearing about a stately home being knocked down by its nouveau-riche owners to make way for a cherry orchard. But it would have been nice to have had a play as well.

What we do have is the ineffably jokey stage presence of William Rushton who (in his West End debut) manages to transport us back 20 years to the days when actors like Wilfrid Hyde White and David Tomlinson and, dare I say it, were proud of.

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INTERNATIONAL Herald Tribune

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BUSINESS/FINANCE

Saudis Cut Oil Output, Sources Say

Low Spot Prices Seen As Cause of Reduction

By Thomas Thomson
Reuters

BAHRAIN — Saudi Arabian oil output last month slipped to just under 8 million barrels daily from the kingdom's 8.5 million ceiling in force since last November, informed industry sources in the Gulf said Wednesday.

Saudi Oil Ministry officials were not available to comment. But the sources said low prices for crude on the open market had made companies reluctant to pump too high a volume.

Quotes on the free market for Saudi light crude fell on Tuesday to a dollar below the official \$34 price. The U.S. companies Exxon, Texaco, Standard Oil of California and Mobil that ship the bulk of Saudi oil use the free market to unload surplus volumes.

Saudi Oil Minister Ahmed Zaki Yamani has said the kingdom plans no formal output cut to assist other exporters hit hard by the present world glut. But he has also said it is prepared to let output drop under market forces.

Analysts say a Saudi output cut on the scale reported to have occurred last month will probably not do much to ease the plight of the more hard-pressed members of OPEC.

Industry sources say Algeria, Libya and Iran together probably want to sell at least 1.5 million barrels daily more than they are able to market now. Kuwaiti sales are also down.

The Middle East Economic Survey, an authoritative Cyprus-based oil newsletter, estimated this week that total OPEC output was down around 20.6 million barrels daily in January, from a peak of 31 million in 1979.

Gulf oil analysts said that with the Northern winter almost over demand was unlikely to pick up immediately.

Threat to Prices

The world glut is threatening OPEC's price structure. OPEC ministers are not scheduled to meet again until May 20 in Quito, Ecuador, but some analysts believe the export group may have to hold emergency talks before then to adjust prices downward on some grades.

Official prices are already being eroded by some exporters offering hidden discounts.

London market experts say Britain and Iran are weak links in the world oil pricing structure.

Crude from Britain's Forties Field in the North Sea has traded on the free market around \$3.25 below the official rate for contract sales of \$36.50 a barrel, set by the government's British National Oil Corp.

Industry sources said companies are weighing whether to press BNOC for an official price cut.

They think they might get a reduction of up to \$1, although BNOC, backed by the Treasury, will argue that spot quotes should not dictate long-term contract prices.

However, a U.K. price cut would intensify pressure on OPEC exporters of similar low-sulfur crudes.

Meanwhile, London-based buyers say Iran, needing revenue for its war with Iraq, is struggling to boost sales from around 600,000 barrels daily to a target closer to 1.5 million and has resorted to inviting reluctant customers to ship spot cargoes at a discount rather than sign long-term deals.

They said Iran so far seems to have had few, if any, takers among key Japanese buyers, and oil companies await its next move.

Egyptians See 30 Billion Barrels

CAIRO (UPI) — Drillers in Egypt's western desert have discovered a "huge oil reservoir" containing an estimated 30 billion barrels, enough to supply the nation's needs for 17 years, a Cairo newspaper has reported.

The report by the newspaper Al Akbar on Shell's exploration raised hopes that the previously unproductive area could become a center of production in the future.

Early estimates of petroleum reserves in Egypt's latest oil find run at 30 billion barrels, Al Akbar said. "This huge oil reservoir beneath the find, known as 'Badr Eddin,' would cover Egypt's oil needs for the next 17 years."

Shell had announced Monday its find was of commercial quality, and told the Egyptian Petroleum Authority the first test-well was producing nearly 6,000 barrels of light crude daily.

The latest discovery is located in a region that was known only to contain a handful of minor oil fields. The major Egyptian fields are in the desert east of the Nile Valley, mainly along and off the shores of the Gulf of Suez and the Red Sea.

Venezuelan Cut on Fuel Oil

NEW YORK (Reuters) — Venezuela has lowered the price of high sulphur residual fuel oil, sources here said.

They said Petroleos de Venezuela, effective Tuesday, reduced its minimum sales prices on number six fuel oils with sulphur levels of 1.5 percent and higher by 25 to 94 cents a barrel and left prices for the lower sulphur fuels unchanged.

SAS Sets New Ground Rules for Survival

By R.W. Apple Jr.
New York Times Service

STOCKHOLM — Last year, every employee of the Scandinavian Airlines System was given a 50-page booklet with a bold red cover, printed in large type and illustrated with cartoons. At first glance, it looked like a comic book.

But its intent was serious, and its message somber: SAS, the international airline jointly owned by the Swedish, Danish and Norwegian governments, was in big trouble: After 17 profitable years in a row, and despite continuing earnings from hotels and other sidelines, it had lost money two years running — \$14.9 million in the fiscal year ended Sept. 30, 1980, and \$9.1 million last year.

Jan Carlzon, 40, the former tour operator who is the chief executive officer of SAS, and president of SAS Group, exhorted his employees on the booklet's cover, "Let's get in there and fight."

Inside, he said the airline would not survive unless it learned to be more like the "street fighters from the rough-and-tumble American domestic market such as Delta."

Mr. Carlzon ended his pitee to the staff with an unorthodox assertion in a company that had always considered its airplanes its most valuable property: "Bear in mind that the only really valuable asset we have is a truly satisfied customer."

But unlike the bosses of other carriers that have found it hard to make a profit in the era of high fuel prices and cutthroat competition, Mr. Carlzon proposed no huge staff cuts. Instead, he replaced 13 of 14 top executives and invested \$24 million to build a new kind of service.

"We decided to look upon our costs as resources that, if well used, can give us more income," he said in an interview.

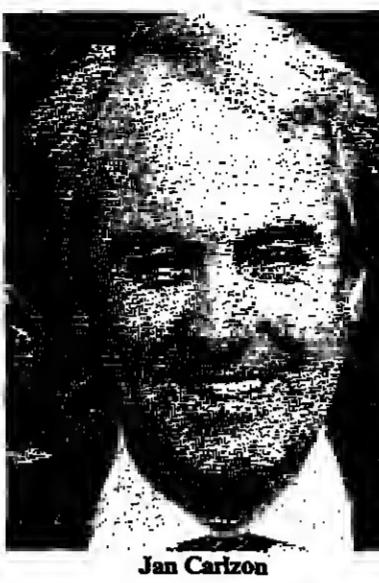
"We had to stop being a passive booking agency and start going out to find customers, and the customers we needed most were the ones this company was originally organized to serve — the business travelers from our three home markets."

When Mr. Carlzon took over, half was business travel market in Scandinavia was in the hands of its competitors, and he invented something called EuroClass to try to draw some of it back.

He stretched to the limits the rules set down by the International Air Transport Association by providing 34 inches instead of 31 inches between seats, giving business passengers separate check-in counters (and guaranteeing they would never wait more than six minutes), by giving them free drinks, special lounges and a special business magazine, by letting Eurowclass passengers embark last and disembark first — and by giving them all this for the usual economy fare, without the surcharges other European airlines had imposed for their new business classes.

"The only way you can make money in the kind of zero-growth market we may face in some of the years immediately ahead," Mr. Carlzon said, "is to take business from your competitors. The only way you can do that is to give people better service, almost to force them to ask for an SAS flight instead of simply any flight."

"Once we have EuroClass established, we can go out and sell our extra tickets, to people who want a cheap service, with no fear that businessmen will decide to sit in the cheap, low-service seats."



Jan Carlzon

There were other changes as well. He increased the number of employees in sales offices and at airports because, in his view, a previous program of reducing staff had resulted only in cutting costs "in the cheap, low-service seats."

(Continued on Page 9, Col. 3)

BUSINESS NEWS BRIEFS

Belgium, Banks Agree on Cockerill Steel Aid

Reuters

BRUSSELS — The Belgian government said Wednesday it reached agreement with the country's four main banks on a new financing package to help steel group Cockerill-Sambre manage its financial difficulties.

Ste. Générale de Banque, Cie. Financière de Paris et des Pays Bas, Groupe Bruxelles Lambert and Kredietbank agreed to supply new credit for a total of 9 billion francs (\$226 million) on a medium-term basis, while maintaining their existing credit lines to the group at current levels, Finance Minister Willy de Clercq said.

The agreement follows lengthy negotiations on guarantees for the credits, and Mr. de Clercq said the state gave its guarantee to the new loans and to 9 billion francs worth of short-term credits. The four banks are among 22 private banks owed money by Cockerill-Sambre, whose debts now total 44.2 billion francs, most of them short-term. The new 9-billion-franc credit, to be added to this total, will be for five to seven years at a variable interest rate, Mr. de Clercq said.

Hiram Walker Considers Suit Against Davis Oil

Reuters

TORONTO — Hiram Walker Resources is looking at the possibility of legal action against Davis Oil and alleging misrepresentation in the purchase of Davis' U.S. oil and gas assets last March, William Wilder, chief executive officer said Wednesday.

Speaking to reporters following the annual meeting, Mr. Wilder said a preliminary evaluation study indicates the company now has only proven reserves of 83 billion cubic feet of natural gas rather than 113 billion cubic feet it thought it had after the Davis properties were purchased. He said proven oil reserves now stand at about 8.2 million barrels from 10.4 million barrels.

He said Mr. Wilder said a writeoff of approximately \$175 million against earnings will likely be in the second quarter of fiscal 1982.

Lalonde Confident Alsands Will Go Ahead

From Agency Dispatches

OTTAWA — Energy Minister Marc Lalonde said Tuesday despite the decision to quit by two partners in the Alsands tar sands consortium he is confident the project will proceed.

Amoco Canada Petroleum, a subsidiary of Standard Oil of Indiana, and Chevron Standard, a subsidiary of Standard Oil of California, announced Monday they were leaving the consortium. Mr. Lalonde told Parliament it was recognized when Ottawa, the Alberta government and the Alsands consortium were negotiating pricing and taxation terms that weaker partners might leave because the two governments could not meet their demands.

In Calgary, Neil Stewart, Amoco's vice president for marketing and corporate affairs, said Tuesday the remaining members of the consortium could face a "financial bath" if forecasts of future inflation rates and the world price of crude oil proved inaccurate. Mr. Stewart said there was practically "no chance" of the participants ever achieving the 21.5 percent return on investment the federal government offered the consortium in a package of financial concessions.

Klockner-Werke Group Turnover Falls 3.3%

Reuters

DUISBURG, West Germany — Klockner-Werke said Wednesday its world group turnover fell to 6.29 billion Deutsche marks in the year ending September 1981, 3.3 percent below the previous year's 6.50 billion DM.

Foreign sales rose 6.0 percent to 2.43 billion DM from 2.29 billion DM a year earlier. Crude steel production fell 1.27 percent in the period to 4.79 million metric tons after 5.49 million in 1979-80, the company said.

World group sales of specialist machinery rose 2.2 percent to 1.26 billion DM from 1.04 billion DM the previous year, it added.

£100 Million Barclays Issue First Corporate in Decade

Reuters

LONDON — Barclays Bank said Wednesday it is issuing £100 million of long-term stock — the first corporate U.K. domestic bond in some 10 years, bond market sources said.

Barclays said its £100 million of 16 percent unsecured capital loan stock due 2002-2007 is 25 percent payable on Feb. 9, with the balance due April 30.

The bank is issuing the stock to fund its domestic and overseas expansion plans, said Jonathan Scott, a director of Barclays Merchant Bank. It saw the need to expand its long-term capital base and decided to issue debt rather than equity because its shares are undervalued in terms of its assets, he added. He also pointed out that the group's capital structure is relatively undergeared.

Mr. Scott said it was wrong to

read any particular attitude to interest rates on the part of Barclays into the decision to issue the loan stock. The money raised through the loan stock will be only a small part of the long-term funds available to Barclays, most of it raised at lower rates. The group will continue to take advantage of opportunities to fund long-term, he said.

The last significant corporate issue in the U.K. domestic market was the £20 million bond launched in 1972 for property company MEPC Ltd, a bond market source said. Since then, high interest rates and the large amount of U.K. government borrowing have discouraged corporate borrowers from tapping this market, they said.

While heralding the move as significant, bond managers contacted Wednesday said Barclays' action is unlikely to signal a rush to a market that has been effectively shut for 10 years.

CURRENCY RATES

Interbank exchange rates for Feb. 3, 1982, excluding bank service charges.

	£	D.M.	F.F.	N.L.	G.M.	S.F.	S.E.	U.S.
Australia	2,595	4,874	42,114	1,025	1,025	64.4*	134.75*	20.67
Austria	5,725	7,725	17,05	1,045	1,045	14,951	21.34	3.21
Belgium	2,325	4,853	39,30	1,07	1,07	58.7*	134.70	20.55
London (D)	1,805	—	13,985	11,148	2,334.07	4,805	74,924	34,336.5
Malta	1,254.55	2,244.10	33,021	2,019	2,019	49,024	31,325	10,000
New York	5,945	11,145	25,28	1,048	1,048	87.79*	187.79	27.25
Peru	1,822	3,522	80.34	31,995	11,993	72,445	47,757	7.25
Switzerland	1,905	5,589	4,255	1,101.88	2,484	41,730	1,965	24.65

Dollar Values

	£	Currency	Per £	£	Currency	Per £	£	U.S.
Australia	0.612	Australian \$	1.61	1.61	Australian \$	0.612	0.2005	0.2005
Austria	0.6205	Austrian schilling	15.51	0.0642	Jouanisse von	224.125	1.023	1.023
Belgium	0.6224	Belgian frs. franc	4.65	0.2737	Kwaijach	0.6224	0.2024	0.2024
Canada	0.6293	Canadian \$	1.625	0.6255	Mader, Ringier	2.284	0.07	0.07
Denmark	0.599	Danish kr.	17.05	0.0579	Scandinav. bank	1,025	0.07	0.07
Finland	0.614	Finland kr.	1.184	0.8377	Tulosa	0.614	0.2021	0.2021

NYSE Nationwide Trading Closing Prices Feb. 3

Tables include the nationwide prices up to the closing on Wall Street.

12 Month Stock	High	Low	Div.	In	5 Yld.	P/E	Sis.	1000	High	Low	Close		
											Price	Quot.	Class
1316 164 AAFR	.44	.38		A	—	—	12	12	74	74	74	74	12
2516 134 ACF	2.74	2.50		B	2.74	2.50	217	217	236	236	222	222	12
2516 176 AMF	1.26	1.16		C	1.26	1.16	61	61	39	39	39	39	12
2516 314 AM INT				D	1.26	1.16	5	5	5	5	5	5	12
2516 224 AMRA				E	—	—	24	24	24	24	24	24	12
2516 266 ASMA				F	—	—	24	24	24	24	24	24	12
334 112 AVXK	1.72	1.50		G	1.72	1.50	72	72	147	147	147	147	12
2516 176 AXC	.10	.08		H	.10	.08	14	14	22	22	22	22	12
4 4 Adm				I	—	—	82	82	22	22	22	22	12
1316 174 AdoxM	2.26	2.00		J	2.26	2.00	13	13	13	13	13	13	12
64 4 AdoxM				K	—	—	27	27	7	7	7	7	12
31 14 AMD	.55	.48		L	.55	.48	23	23	142	142	142	142	12
1316 116 AMT	2.22	2.00		M	2.22	2.00	67	67	67	67	67	67	12
4 116 Altron	1.26	1.16		N	1.26	1.16	102	102	116	116	116	116	12
4 17 Altron				O	—	—	24	24	11	11	11	11	12
4 22 Altron	.40	.35		P	.40	.35	124	124	34	34	34	34	12
1316 816 AltrFr	.49	.42		Q	.49	.42	76	76	81	81	81	81	12
1516 916 Alzco	.50	.45		R	.50	.45	74	74	103	103	103	103	12
22 164 Alzco				S	—	—	16	16	25	25	25	25	12
2516 226 Albany				T	—	—	11	11	5	5	5	5	12
1814 284 Albany	.59	.52		U	.59	.52	7	7	10	10	10	10	12
2516 284 Albany	.58	.52		V	.58	.52	14	14	8	8	8	8	12
4516 484 Albany	.57	.52		W	.57	.52	22	22	26	26	26	26	12
17 17 AlpD				X	—	—	14	14	108	108	108	108	12
55 53 AlpD				Y	—	—	24	24	50	50	50	50	12
5616 495 AlpD	.815	.75		Z	.815	.75	220	220	49	49	49	49	12
1316 145 AlpD	1.60	1.40		AA	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AB	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AC	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AD	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AE	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AF	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AG	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AH	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AI	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AJ	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AK	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AL	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AM	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AN	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AO	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AP	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AR	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AS	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AT	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AU	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AV	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AW	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AX	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AY	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AZ	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BA	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BB	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BC	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BD	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BE	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BF	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BG	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BH	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BI	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BJ	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BK	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BL	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BM	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BN	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BO	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BP	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BR	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BS	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BT	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BU	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BW	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BY	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AZ	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BA	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BB	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BC	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BD	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BE	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BF	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BG	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BH	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BI	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BJ	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BK	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BL	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BM	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BN	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BO	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BP	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BR	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BS	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BT	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BU	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BW	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BY	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		AZ	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BA	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BB	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BC	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BD	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BE	1.60	1.40	100	100	15	15	15	15	12
1316 145 AlpD	1.60	1.40		BF	1.60	1.40	100	100	15	15	15		

Market Summary

Feb. 3, 1982

Vol. I - Part 1

Market Diaries

47,500

Low Close

AMEX Most Actives

250,200
144-TR

Odd-Lot Trading in N.Y.

Sales
231,422

Dow Jones Bond Average

Lower Closes

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\$350 Million Offered In Chrysler Bid

Defence Wing Sought By General Dynamics

By Donald Woucar

Los Angeles Times Service

DETROIT — General Dynamics Corp. has offered to pay more than \$350 million for Chrysler Corp.'s defense subsidiary, and well-placed sources said that officials of both companies were hoping to complete the deal in time for Chrysler directors to vote on the transaction Thursday.

Officials of the two companies and the Army met through the weekend and continued talking Tuesday, the sources said. Except for several unspecified questions raised by the Pentagon, "the deal is for all practical purposes consummated," one source said.

Neither Chrysler nor General Dynamics, the largest U.S. defense contractor, would comment. Chrysler has said only that several companies are interested in buying the profitable subsidiary, which builds tanks and equipment.

Chrysler has long resisted the sale of its defense subsidiary, which contributes about \$60 million in pre-tax earnings annually. The automaker is expected to report later this month a loss for 1981 of more than \$500 million.

The sale of the subsidiary would leave Chrysler with only one asset — its successful Mexican auto business — that does not rely on the troubled U.S. auto market. Earlier, Chrysler sold its car operations in Europe, Latin America and Australia as well as real estate and other interests.

No Immediate Improvement

But the prolonged slump in car and truck sales continues to squeeze Chrysler's cash position, and no significant improvement is expected until late this year.

An infusion of \$350 million would substantially improve Chrysler's cash situation. Chairman Lee A. Iacocca has said that the sale of the defense unit would be less distasteful than another request for federal loan guarantees, which would invite negative publicity and force the company to take on a still heavier debt burden.

A Chrysler spokesman said that the sale of the unit would provide Chrysler with a cushion, but that there is no emergency. Sources close to the federal Chrysler Loan Guarantee Board, which oversees government-backed lending to the automaker, agree that it is "not a fire-sale deal."

Chrysler has been juggling its finances in recent weeks, negotiating a third deferral of pension fund payments for union employees but paying off the last of its non-guaranteed bank debt six weeks ahead of schedule.

The loan board "wouldn't have let them pay off the banks early if they were really pinching pennies," a government source said of Monday's \$47 million payment, which retired the last of \$1.3 billion in bank debt at a rate of 15 cents on the dollar.

Chrysler's defense unit builds tanks and components in government-owned facilities in Michigan, Ohio and Pennsylvania, and has 7,000 employees. The defense subsidiary's value lies in Chrysler's contract to build the old M-60 and new M-1 battle tanks.

COMPANY REPORTS

Revenue, Profits in Millions. In local currencies, unless otherwise indicated

Signal Companies			
Year	1981	1980	1981
Revenue.....	1,230	1,240	1,310
Profits.....	67.6	52.1	51.1
Per Share.....	0.72	0.70	0.70
Year	1981	1980	1981
Revenue.....	5,340	4,780	5,340
Profits.....	214.0	191.5	191.5
Per Share.....	2.75	2.63	2.63

Southern Co.			
Year	1981	1980	1981
Revenue.....	1,010	942.1	1,010
Profits.....	67.5	76.1	76.1
Per Share.....	0.64	0.70	0.70
Year	1981	1980	1981
Revenue.....	4,230	3,760	4,230
Profits.....	325.9	344.0	344.0
Per Share.....	1.81	2.23	2.23

Standard Brands Points*			
Year	1981	1980	1981
Revenue.....	54.1	52.2	54.1
Profits.....	2.7	3.2	2.7
Per Share.....	0.32	0.39	0.32

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NET RETURN

DOLLAR (Can.)	17 %
PESETA (Span.)	15.25%
DOLLAR (U.S.)	15 %
STERLING (£)	15.75%
FRANC (French)	18.25%
MARK (Deutsch)	12.75%
FRANC (Swiss)	9.5 %

NO TAX

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Weekly net asset value:

Tokyo Pacific Holdings N.V.

on January 1, 1980: U.S. \$66.42
on February 1, 1982: U.S. \$89.12

Listed on the Amsterdam Stock Exchange

Information: Pierson, Heldring & Pierson N.V., Herengracht 214, 1016 BS Amsterdam.

* Net income from continued operations.

\$350 Million Tax Sale Draws Lawmakers' Ire

By Thomas B. Edsall

Washington Post Service
WASHINGTON — Congressional opposition to the controversial corporate tax sale provisions of the 1981 Economic Recovery Tax Act — a section denounced as corporate welfare by critics — is mounting.

In the Senate, 18 sponsors and

co-sponsors — including two from the Finance Committee — have introduced five separate bills repealing the section of the law allowing corporate tax sales through paper transactions called "leases."

In the House, there are eight separate bills with 37 backers. The bills all would end the transactions, which are expected to cost the Treasury at least \$27 billion through 1986.

The mood of Congress was reflected earlier this week when Sen. Robert Dole, Republican of Kansas, chairman of the Finance Committee, told a group of lobbyists: "If any of you are going to take advantage of that [corporate tax sales through leases], you better hurry."

Similarly, Sen. Bob Packwood, Republican of Oregon, the second ranking Republican on the panel, told the same group: "If you see several years of corporations paying no taxes, then you'll see something bordering on revolt... It's imperative that everyone, including corporations, pay some taxes."

Significant Backing

The bills that have drawn the most backing have been introduced by Sen. Claiborne Pell, a Rhode Island Democrat, who has 13 cosponsors, and by Republican Rep. Jim Leach of Iowa, who has 25 cosponsors.

In recent weeks Moscow has had to pay a premium of up to one-eighth of a percentage point above normal loan charges when it bids to borrow money in the international banking sources said Wednesday.

The military takeover in Poland, with its adverse effect on East-West relations, is a background factor in the cautious attitude adopted by Western banks, the dealing with Eastern bloc banks generally, they said.

At the same time, members of Congress and their aides report that lobbyists representing key industries benefiting from the provisions have started work to quiet the drive for repeal. "Let's just say we're active," said Charles E. Walker, a lobbyist representing the airline, steel, automobile and other weak industries.

In private, a number of the lobbyists acknowledge that modification of the legislation is likely.

With almost no consideration by Congress, the leasing provisions have slipped into the administration's bill last summer. Since its enactment last August, however, disclosure of a number of tax-sale deals benefiting highly profitable companies has resulted in growing opposition.

The deal that sparked the most protest was the announcement that Occidental Petroleum, a firm with earnings of \$10.8 million in 1980, "sold" just under \$30 million in tax breaks to a New York insurance and investment company. Occidental has paid no federal in-

come tax for the past three years because of other sections of the tax code, and consequently could not use the tax break itself.

When proposed, the tax sale provision was supposed to benefit beleaguered firms, such as Chrysler and International Harvester, along with new companies that have not started to earn profits and consequently have no taxes against which to write off investment credits and deductions.

The example of Occidental Petroleum is one of the most shocking, one lawmaker said. "Here was a case of a booming corporation which owed no taxes because it already received many tax breaks such as credits from overseas operations in the Soviet Union, Libya and elsewhere."

Economic Logic

While the leasing provisions have provoked sharp attacks from both liberals and conservatives, criticism from members of the two congressional tax-writing committees — reformers and business tax experts has been far more muted.

In these quarters, the much more commonly held view is that tax sales under the leasing provisions have a certain economic logic within the context of the passage of the massive business tax cuts provided under the new depreciation schedule known as "10-5-3."

The lines of this argument are that 10-5-3 (for the shortened number of years used for depreciation schedules) provided such a major tax benefit to profitable companies — particularly capital-intensive firms — that tax "sales" are one way to spread the benefits around and prevent tax-induced distortions of the marketplace.

Under this thinking, the tax bill without "leasing" would mean that the cost of a new investment for a profitable company would effectively be far higher than for a firm running in the red. This occurs because the profitable firm would be able to reduce the cost of the investment by taking depreciation and investment credits to lower tax liability, while the poor firm owes no taxes and has no way to use depreciation and credits.

In this context, congressional aides and lobbyists are exploring a number of ways to modify the leasing provisions with two goals in mind: to end tax sales by profitable companies and to lower the expected losses to the Treasury.

SAS Sets New Ground Rules To Challenge Competition

(Continued from Page 7)
very areas where it was most visible to passengers."

A number of unprofitable routes were lopped off the schedule. 10 airplanes sold, and the administration of the airline completely reorganized and scaled down.

Mr. Carlson also instituted a drive to improve the punctuality of remaining flights, and installed a computer terminal next to his desk so he could monitor the results hour by hour. Finally, he set up a program under which 6,000 employees will spend two days each with an expert learning how to deal better with customers.

It is too early to tell if his efforts are paying off, but the transport association figures on the all-important load factor indicate the airline has been showing improvement. In 1978-79, the company's load factor was 56 percent; in 1980-81, 56.9 percent, and in 1981, 57.8 percent.

The goal for this year is a profit of \$1.8 million for the airline and \$18 million for the overall corporation, and officials report so far budget targets are being met. Half of the \$35 million Mr. Carlson hopes to trim from costs in 1982 has already been realized.

But the attempted revitalization has not been accomplished without causing irritation, not only among some employees but also among competing airlines that consider SAS's tactics unfair.

Employees of Iberia, the Spanish

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BELGIAN OFFICIALS TO VISIT U.S.

The Associated Press

BRUSSELS — Premier Wilfried Martens and Foreign Minister Leo Tindemans will visit the United States Feb. 16-19 for talks with President Reagan and other officials, a government spokesman said Wednesday.

FUNDS PROVIDED BY

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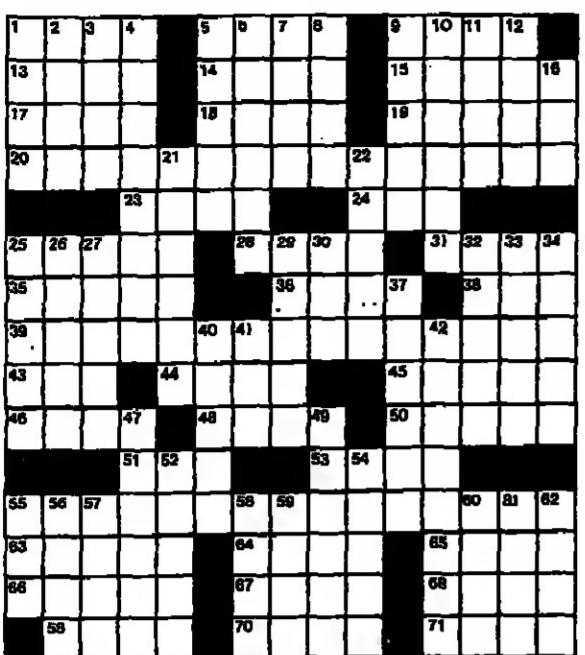
Hartford, Conn.

Stamford, Conn.

Providence, R.I.

Wellesley, Mass.

Westport, Conn.

CROSSWORD Edited by Eugene T. Maleska

ACROSS

- 1 Indian head
5 Queen's diamond locale
9 Goalie's gear
13 Yours, in Tours
14 Scottish philosopher
15 —the Fall, "Miller play
17 Astound
18 Shot, for short
19 Byzantine empress
20 Set of laws
22 Laurel or holly
24 Ar followed by
25 Where Galileo taught
28 Fill gaps, in a way
31 Place for cargo
35 Cancel a mission
36 Dieter's anorexia
38 Cry's partner
39 Set of laws
43 Part of G.B.
44 Haymarket event: 1886
45 Goddess of grain
46 Shoal
48 Indigence
50 Part of L.C.D.
- 51 Letters before an alias
53 Start the bridge bidding
55 Set of laws
63 "Goodbye," Beatles song
64 Data
65 Familiarly
66 Swiss river
66 Nomads' stopovers
67 Word part
68 Kind of club
69 Stint
70 Stir
71 Fraternal ones
- 1 "—thy bread
2 Major ending
3 Common or proper word
4 Dye
5 Ignominy
6 Droned
7 Austin's Woodhouse
8 Indefinite period
9 Disabilities
10 Again
11 British carbine
12 Lane's fellow reporter

DOWN

- 1 —
2 ...
3 Common or proper word
4 Dye
5 Ignominy
6 Droned
7 Austin's Woodhouse
8 Indefinite period
9 Disabilities
10 Again
11 British carbine
12 Lane's fellow reporter

WEATHER

	HIGH	LOW	HIGH	LOW			
C	F	C	F	C			
ALGARVE	16 41	12 55	Rain	MADRID	9 48	5 41	Overcast
ALGIERS	17 43	2 34	Fair	MANILA	29 82	20 48	Cloudy
AMSTERDAM	4 39	-1 30	Foggy	MEXICO CITY	24 75	5 46	Cloudy
ANKARA	3 24	24 24	Snow	MIAMI	27 81	22 72	Cloudy
AUSTRALIA	21 21	21 20	Cloudy	MONTRÉAL	4 24	15 15	Partly cloudy
AUCKLAND	13 21	26 26	Foggy	MOSCOW	4 27	-11 12	Foggy
BANGKOK	33 21	9 45	Foggy	MUNICH	1 20	16 16	Foggy
BEIRUT	17 43	9 45	Foggy	NAIROBI	36 84	24 75	Cloudy
BELGRADE	1 21	12 19	Cloudy	NASSAU	22 82	21 78	Foggy
BERLIN	1 21	1 21	Cloudy	NEW DELHI	12 34	12 34	Cloudy
BOSTON	1 21	1 24	Rain	NEW YORK	12 34	12 34	Overcast
BRUSSELS	5 24	5 24	Foggy	NICE	12 34	12 34	Cloudy
BUCHAREST	1 21	1 21	Cloudy	OSLO	1 26	1 24	Foggy
BUENOSES AIRES	26 79	16 44	Cloudy	PARIS	5 46	1 24	Cloudy
CAIRO	15 59	15 59	Foggy	PATRICK	2 24	1 24	Cloudy
CAPE TOWN	25 77	16 61	Fair	PRAGUE	5 46	1 24	Cloudy
CASABLANCA	15 59	15 59	Foggy	REYKJAVIK	5 43	1 24	Rain
COPENHAGEN	3 24	3 24	Foggy	RIO DE JANEIRO	11 52	12 34	Cloudy
COSTA DEL SOL	18 64	7 45	Foggy	ROME	22 81	12 34	Cloudy
DAMASCUS	5 46	5 46	Overcast	SAO PAULO	1 26	1 24	Cloudy
DUBLIN	8 46	8 46	Cloudy	SEOUL	1 27	1 24	Foggy
EDINBURGH	8 46	8 46	Cloudy	SHANGHAI	4 42	1 24	Rain
FLORENCE	8 46	8 46	Cloudy	SINGAPORE	15 77	12 72	Cloudy
FRANKFURT	3 27	5 27	Foggy	STOCKHOLM	5 46	1 24	Foggy
GENEVA	3 27	3 27	Foggy	TAIPEI	21 78	18 44	Foggy
HONG KONG	11 44	11 44	Cloudy	TEL AVIV	17 43	12 34	Overcast
HOUSTON	10 50	10 50	Cloudy	TOKYO	5 46	1 24	Foggy
ISTANBUL	8 32	8 32	Cloudy	VENICE	10 46	1 24	Foggy
JERUSALEM	12 54	5 46	Rain	VIENNA	9 32	1 24	Foggy
LAS PALMAS	15 54	9 45	Cloudy				
LIMA	15 54	9 45	Foggy				
LISBON	15 54	9 45	Foggy				
LONDON	9 45	9 45	Foggy				
LOS ANGELES	23 73	7 45	Foggy	ZURICH	2 36	1 24	Foggy

Readings from the previous 24 hours.

ADVERTISEMENT
INTERNATIONAL FUNDS

February 3, 1982

The net asset value quotations shown below are supplied by the Funds listed with the exception of some funds whose quotes are supplied as issue prices. The following marginal symbols indicate frequency of quotations supplied for the HTF: (1) monthly; (2) quarterly; (3) semi-annually; (4) annually.

BANK JULIUS BAER & CO Ltd

SF 45.52 SF 45.52 SF 45.52

—(d) Eurobond

SF 222.00 SF 222.00 SF 222.00

—(d) Grober

SF 100.00 SF 100.00 SF 100.00

—(d) Bond Fund

SF 100.00 SF 100.00 SF 100.00

—(d) Fund

SF 117.75 SF 117.75 SF 117.75

—(d) CEF Fund

SF 117.75 SF 117.75 SF 117.75

—(d) Fund

SF 12.50 SF 12.50 SF 12.50

Steve Mahre, After His Brother Falls, Beats Stenmark for Giant Slalom Title

By Nick Stout
New York Times Service

SCHLADMING, Austria — Until Wednesday, Steve Mahre had never won a world-class giant slalom race. That his capability should be demonstrated in the World Alpine Skiing Championships — in which the defending world champion was eager for victory to the point of obsession — left the director of the American ski team clambering over the fence at the finish and shouting his exaggerated but not entirely inappropriate summation: "Awesome. ... Awesome."

Ingemar Stenmark was a shaken runner-up. Stenmark had been training all winter especially for this and for next Sunday's slalom race, and had said he would rather fall out of the race than relinquish this title by finishing in second place. He was expecting the steepest competition to come from Phil Mahre, the more accomplished of the 24-year-old twins, not from Steve.

"He was a surprise for me," Stenmark said quietly after the race. But Phil Mahre's chances ended early, when he caught an inside edge while leaning the wrong way just moments out of the starting gate.

Boris Streli of Yugoslavia earned the bronze medal. He clocked the best time in the afternoon leg of the two-run event and moved from seventh to third place.

Steve Mahre's victory gave the American team its third medal of the championships after three events. Christine Cooper having won a bronze and a silver for the women.

While Phil Mahre and Bill Kidd have in previous years won gold medals in combined events, no American had finished first at a regular men's event in world championship competition.

"I'm totally ecstatic," Steve Mahre said. "But I was disappointed about Phil. After my finish in the first run I thought we had a chance for one or two days."

Steve Mahre was able to win the race by clocking the best time in the morning leg and building an advantage of 1.37 seconds over Stenmark, who was fifth. Stenmark was second to Streli in the afternoon, but he was not able to close the gap between him and Mahre, and the American won by 51 hundredths of a second.

"I skied well here last year," said Mahre, whose three victories in seven World Cup seasons have all been in slalom races. "So I felt that if I was going to ski well, this would be the hill. I really liked the way the first run was set. It was kind of in between slalom and giant slalom. Slalom is my specialty and I just concentrated in going at the gates. It paid off in the first run. And in the second run I had a really solid run and it was enough to keep me ahead."

Since the top five finishers in the morning start the second run in reverse order, Stenmark led off the afternoon. But before he went back up the hill he broke his habit and changed his skis. The edges on the first pair had been too thin to cope with the hard course, he explained. Later, Stenmark said he knew he had lost even before Steve Mahre made his final descent.

"In the middle part of the first

run I was skiing too far away from the poles," Stenmark said, explaining that this was because of the inadequate edges. "In the second run I was not too good at the beginning but after 15 or 20 gates I was skiing better."

There are at least two reasons why Mahre's winning performance inspired so much awe in Bill Marolt, the U.S. Alpine program director. First was Mahre's relatively poor record in giant slalom compared with his results in slalom. His best giant slalom result on the World Cup tour this year had been eighth.

Stenmark, on the other hand, has won 35 giant slalom races in eight years on the World Cup tour, in addition to the world champion slalom race in 1978 and the Olympic giant slalom in 1980. Mahre's victory was surprising also because he had operations on both knees during the Christmas break.

He had injured his left knee at a race in Val d'Isere, France. "We cut some bands to make the knee lie up better and took some lining out of the joint," said Dr. Richard Steadman, the American team physician. Since the right knee had continually been painful and swollen after training, Dr. Steadman said, a part of the cartilage was removed.

As in most of their races, the Mahres were busy briefing each other on the course by walkie-talkie. First Steve shouted instructions to Phil; then Phil, out of the race, watched on television as Stenmark made his afternoon run, and he passed his advice to Steve.

"He told me to go a little bit

rounder, but to the pole, and get off the edges quickly," Steve Mahre said.

Stenmark met the press, then was said to have left town to train in West Germany until the slalom race on Sunday. He is clearly worried because the Mahre brothers are much more accomplished in slalom than in giant slalom.

Asked if he was surprised that Steve Mahre was able to recuperate so handily from his double knee surgery, Steadman replied: "Not at all. I told him after the operation that those were gold-medal knees."

Stenmark, on the other hand, has won 35 giant slalom races in eight years on the World Cup tour, in addition to the world champion slalom race in 1978 and the Olympic giant slalom in 1980. Mahre's victory was surprising also because he had operations on both knees during the Christmas break.

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Art Buchwald

Shouldering the Jobless

WASHINGTON — When I saw Dembow shoveling his snow off his walk I stopped by and said, "Getting some exercise?" "Sort of," he said. "But then again it gives me something to do. I don't know if you've heard it or not but I am now an unemployed statistic."

"I'm sorry to hear that," I said.

"Why are you edging away from me?" he wanted to know.

"Was I edging away from you?" I said in surprise.

"Don't worry about it. You're not the first person who's done it. The thing I discovered about being unemployed is that it is not considered so much an economic tragedy, but more a social disease. People are afraid you've got something that they could catch."

"I never thought about it. How do they behave?"

"Well, as you know, the first thing anyone in this country asks you is 'What do you do?' If you say you're unemployed, you can see the person becoming nervous and fidgety. He either tries to get away or starts telling you stories about other people he knew who were unemployed, like we all had the same bad problem."

"What do you say now when people ask you what you do?"

"I tell them I do dishes, watch television, make beds, and now I can tell them I shovel snow."

"Don't you tell them you're looking for another job?"

"Rarely. Most people freeze up when you tell them that because,

Brueghel Work Stolen From London Gallery

United Press International

LONDON — Two men snatched a painting valued at £500,000 (about \$950,000) from the fifth floor of an art gallery Tuesday, gallery officials said.

The painting, "Christ and the Woman in Adultery," by Peter Brueghel the elder, was taken from the Courtauld Institute in central London. One of the two intruders hid the 10-by-14-inch work under a raincoat, then the pair ran to the elevator and made their way down to the ground floor, eluded a security guard and escaped in a taxi.



Buchwald

they're afraid you will ask them for one. I guess the toughest thing about being out of a job is talking about it with friends. All they keep doing is squeezing you on the shoulder and saying 'Everything's going to be okay.'

"They haven't done me any good, but they sure have made my shoulder sore."

"You're lucky you can still shovel snow."

"There is a lot more to this unemployment bit than people know. First of all people tend to think you did something wrong, or you wouldn't have been laid off. It's like being raped. The victim is the one who is under suspicion. You can see it in their eyes. 'Old Dembow,' just couldn't cut the mustard." There's a telegraph system in this country and the word gets around faster than you can get a letter across town. You start hearing from every place you had a charge account. Even if you don't owe them any money, they know you're not going to spend any with them anymore, so they figure they have nothing to lose by being nasty."

"How is your wife taking all this?"

"She's been great and so have the kids. But her relatives seem to be enjoying my bad luck. Ever since I married Eve they said she made a mistake, and now they feel their predictions have come true."

"But being out of work doesn't make a person a bad husband or a bad wife."

"It does to the spouse's relatives. Most of Eve's live in deadly fear the phone's going to ring and it's going to ask them to take us in."

"I must say, you're handling yourself very well for a person who is having a difficult time."

"I didn't intend to. When I got word I was canned I wanted to kill somebody, but I didn't know who to kill, so I just bidding my time."

"Are you still planning on killing somebody?"

"Yup, the next economic expert who says 'Things have to get worse before they get better.'"

"Well," I said. "It's good talking to you. I have to get back to the old grind." Then I realized my faux pas. "I'm terribly sorry I said that, Dembow."

"Forget it," he said. "At least you didn't squeeze my shoulder."

Mrs. Hassoun, who was wearing large gold

and diamond earrings, a gold belt, an enormous diamond ring and a gold hairpiece. Her eyelids were sprinkled with gold sequins.

Mrs. Hassoun said her customers had purchased about 50,000 ounces of gold — worth about \$18.9 million at current prices — at the bank and stored it there. Neither she nor other women bankers, however, would say how many customers they have or how much money their deposits add up to.

Verdict of Trading Past

Women's banks, such as the one run by the National Commercial Bank, offer the same range of banking services as the men's banks do. Savings accounts are less clear-cut. Under Islamic law, making a profit from interest is regarded as sinful. Modern customers are given the choice of whether they prefer to earn 5 percent or nothing on their savings. In Saudi Arabia a 5 percent yield is considered quite acceptable because the cost of living here has been rising only 3 or 4 percent a year (mainly because of heavy government subsidies).

Al Rajhi, by comparison, offers fewer financial services in both its women's and men's divisions since its primary purpose is

By Douglas Martin
New York Times Service

JEDDAH, Saudi Arabia — In the male-dominated society of Saudi Arabia, religion, government, business, finance and the media are the almost exclusive preserves of men. In tradition and still largely in fact, women are expected to hide behind a black veil and stay at home to rear the children who represent the future of this thinly populated kingdom.

Despite their inferior social status, however, Saudi women have plenty of money — an estimated 30 to 40 percent of the hundreds of billions of dollars of private wealth in this country — and the Koran guarantees them personal control over it.

As a result, banks run by women and catering solely to women have begun to spring up in major cities, an unusual development in a country governed by strict interpretations of Islamic fundamentalism.

"God gave us the right to use our own money freely," Madawi al-Hassoun, director of the women's branch of the Al Rajhi Company for Trade and Commerce, said over tea in her institution's tastefully decorated lobby. "We used to feel out of place in banks."

Before women's banks began opening two years ago, many Saudi women either did not use banks or asked a family member or chauffeur to do their banking for them. Now there are four women's banks in this Red Sea port city and nine elsewhere in Saudi Arabia.

The minute they were opened, women decided to transfer their accounts to the women's branches," said Munira Abdellatif, manager of the women's branch of the National Commercial Bank. "Women here are more comfortable dealing with women."

Part of Larger Struggle

The new banks for women are part of a larger struggle in Saudi society. The eventual outcome is considered crucial to Middle Eastern stability as well as to the world's energy needs. It is a battle that pits liberals against conservatives.

The liberals argue that women must be brought into the labor force to reduce the vast number of foreign workers who have flooded Saudi Arabia.

The conservatives, some of whom oppose the women's banks, caution against drifting away from proven ways.

Women often feel caught in the middle. "All my friends talk about change, but we can't change," a university student complained.

The women's banks represent a kind of progress that many Saudis say would have been impossible as recently as five years ago.

At the Al Rajhi branch, for example, women drop their veils and abas to discuss the intricacies of financial deals with trained advisers who also are women.

"The girls are very interested in gold," said

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Al Rajhi, by comparison, offers fewer financial services in both its women's and men's divisions since its primary purpose is

to exchange foreign currencies. It and a host of similar institutions, which are not regulated by Saudi monetary authorities, date from this country's colorful trading past and remain an integral part of its financial system.

Saudi women who for centuries have been restricted to a sheltered kind of existence, are still not allowed to drive cars. To them, the new banks represent something of a haven away from home. The women's banks feature elegant decor and staffed atriums, and they serve tea and coffee.

The women's branch of Al Rajhi, for instance, has royal blue and white wallpaper, a painting (done by a female artist) of a Bedouin group at sunset, and a religious scene in elaborate needlepoint.

The National Commercial Bank's branch for women is furnished in a soft beige and brown, while the Saudi British Bank's branch presents subtle tones of green and gray illuminated with soft lights.

Although Saudi women receive only half the inheritance of men, they are granted full control over their funds by the Koran. For years, analysts say, women investors in Saudi Arabia have been putting money into holdings such as real estate.

Some women are even using capital to go into business. Although the number of women

is small, they own small, they own

and operate boutiques, tailoring establish-

ments, hair-styling salons, restaurants and light manufacturing plants. The demand for business loans to women is growing.

This economic assertiveness has been paralleled by a campaign for women to participate more fully in Saudi society. Increasingly, Saudi women are being educated, often through the university level. This movement reflects a policy adopted by the male-dominated government. By 1985 the number of classrooms for female students is expected to be 4,305, up from 210 in 1980, and the number of such students is expected to be up 47 percent, to nearly 700,000.

"I think the real purpose of the ladies' banks is not to provide any services they did not have before in the existing banks," said a Saudi man, a translator for an engineering firm. "It's to give all these smart women something to do."

Mrs. Hassoun, in part, agrees. Applications for employment at her bank number between 600 and 700, she said, but none of her 14 current employees would dream of leaving. "The applicants are not in need of money — they are in need of killing time," she said. "They want to wake up in the morning with some purpose in life." Until now, the few careers open to Saudi women have been mainly in nursing and education.

All the women's bank branches make a point of hiring Saudi women as part of the country's "Saudiization" drive. The National Commercial Bank, for instance, has whittled its number of expatriate women employees — first hired because they had banking experience — to four from 10. Its total number of female workers remains stable at 16.

Sometimes the husbands of these bank employees have expressed resentment at their newfound interest outside the home. But much of the male reaction has been in the form of good-natured ribbing.

"I think the men are jealous," Mrs. Abdellatif said with a laugh. "We're not dependent on them anymore."

Progress and Tradition

Even the staunchest liberals acknowledge that the new banks are only a small step toward full equality for Saudi women. But sociological experts say the trend could be irreversible, especially in conjunction with women's growing educational achievement.

Saudi Arabia may be demonstrating an ability to accept progress while clinging to tradition. The women bank employees, for instance, unabashedly put their backs on the front door for home after work.

"The debate these days is not whether women should be educated, but what type of education is best — not whether women should work, but what kind of work they should do," a Western analyst said. "Almost all Saudis want social development as well as economic development."

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